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# An Alliance of the Monopolies and the Military

*(On the US Military-Industrial  
Complex)*

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А. Дейкин

СОЮЗ МОНОПОЛИИ И ВОЕНЩИНЫ

на английском языке

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## Introduction

The question of war and peace is crucial for our era. Thermonuclear weapons and super-range means of delivery have made each and every corner of the world vulnerable to the havoc of war. Since, as people well realise, a new world war would cause global devastation, the need to prevent a military clash is the concern of every nation.

Even so, the militarist, aggressive policy of the imperialist states is hindering a détente and elimination of the threat of new wars. As the head of the CPSU delegation, CC CPSU General Secretary Leonid Brezhnev, told the International Meeting of Communist and Workers' Parties held in Moscow in June 1969, "one of imperialism's gravest threats to the peoples of the world is that of another world war.

"Militarism has always been part and parcel of imperialism. But today it has acquired truly unparalleled proportions."<sup>1</sup>

<sup>1</sup> *International Meeting of Communist and Workers' Parties*, M., 1969, p. 143.



Militarism is not an isolated or secluded phenomenon. Its appearance in the world arena is associated with the rise of private property and exploiter classes, which have divided human society into the rich and the poor, the oppressors and the oppressed.

The militarism of today is the outgrowth of the highest stage of capitalism—imperialism, which was profoundly analysed by Lenin. Imperialism, he emphasised, is "...distinguished by a minimum fondness for peace and freedom, and by a maximum and universal development of militarism."<sup>1</sup>

Militarism has assumed tremendous scope in the capitalist countries in the last few years. The unprecedented arms race after the Second World War is one of the formidable expressions of the imperialist states' aggressive policy directed primarily against the USSR and other countries of the socialist community. The post-war development of the capitalist countries has led to the emergence and growth in the more advanced of these countries of state-monopoly tendencies, to the fusing and interplay of the powerful state apparatus and the monopolies. The war machinery under state-monopoly capitalism has assumed monstrous proportions. "The influence of the so-called military-industrial complex, i.e., the alliance of the largest monopolies with the military in the state apparatus, is growing rapidly in the most developed capitalist states," CC CPSU General Secretary L. I. Brezhnev pointed out. "This sinister alliance is increasingly pressuring the policy of many imperialist coun-

tries, making it still more reactionary and aggressive."<sup>1</sup>

The military-industrial complex is one of the newest manifestations of state-monopoly capitalism. The mutual urge of the monopoly élite and the government bodies of the imperialist states to merge is only one of the reasons as to why it arises. The other, equally important reason is the aggravation of the external and internal contradictions of capitalist society. As a result, the ruling circles of the advanced capitalist countries strive to extend and enhance their machinery of coercion and destruction so as to use it in their efforts to regain their lost positions in the world and to suppress the working class and the national liberation movement.

Hence the interrelationship between the military-industrial complex and the imperialistic militarism that gave rise to it. No wonder the military-industrial complex is most developed in the principal imperialist country—the United States of America—with its downright militarism. As emphasised in the Report of the Central Committee of the Communist Party of the Soviet Union to the 24th Congress of the CPSU, "militarisation has acquired the most dangerous nature in the USA. In the last five years, that country has spent almost 400 thousand million dollars for military purposes."<sup>2</sup>

Monopoly capital, which serves the war machine, is particularly interested in the arms race. Lenin once pointed out that the arms race

<sup>1</sup> V. I. Lenin. *Collected Works*, Vol. 28, p. 239.

<sup>1</sup> *International Meeting of Communist and Workers' Parties*, M., 1969, p. 143.

<sup>2</sup> *24th Congress of the CPSU*, M., 1971, p. 21.

was a "gold mine" for the capitalists. Today the same holds true of the military-industrial complex of the USA. The war-production monopolies are guaranteed astronomical profits by virtue of their special relationships with the client state.

At the same time, acceleration of the arms race is highly detrimental to the economy and the people's living standards. Marx long ago remarked that war, "in terms of the economy, is the same thing as when a nation throws a part of its capital into the water."<sup>1</sup> His statement has been borne out with special force in our time, when even in the richest capitalist country—the United States—many years of the marathon arms race have aggravated numerous socio-economic difficulties.

The military-industrial complex is associated primarily with the economy and its militarisation. But its influence goes far beyond the bounds of the purely economic and production spheres. It bears upon US policy and channels it along the path of the arms race and international tension. This militaristic alliance constitutes the striking power of imperialism, posing a grave threat of new wars.

"For a quarter-century now, mankind has been safeguarded from world war," the CC CPSU Report to the 24th CPSU Congress notes. "That is another historic achievement of the peoples, to which the Soviet Union and its foreign policy have made a considerable contribution. However, the forces of aggression and militarism

may have been pushed back, but they have not been rendered harmless. In the post-war years, they have started more than 30 wars and armed conflicts of varying scale. Nor is it possible to consider the threat of another world war as having been completely eliminated. It is the vital task of all the peaceable states, of all the peoples to prevent this threat from becoming reality."<sup>1</sup>

It is imperative today to expose the nature and the dangerous role of the military-industrial complex. Its domination is contrary to all that is being done by progressive mankind to impede militarism, to save the nations of the world from the horrors of a new world war and to establish a universal, lasting peace on earth.

Just what constitutes the military-industrial complex of the USA?

## "Permanent War Economy"

The year was 1944. Having routed the German invaders on Soviet territory the Soviet Armed Forces proceeded to liberate the other European nations from the Nazi occupation forces. The people hailed the Soviet liberation army that had brought them peace, and set about healing the terrible wounds inflicted by the foe.

The American people too, having done much to smash fascism, rejoiced that the war was drawing to a close.

But the imminent end of the war was not to everyone's liking there. The American mono-

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<sup>1</sup> *Marx and Engels Archives*, Vol. IV, Moscow, 1935, p. 29, (Russ. Ed.).

<sup>1</sup> *24th Congress of the CPSU*, p. 36.



polies, having made a fortune on war orders, wanted to retain that source of super profits even in peacetime. One of the top men in US monopoly setup, Charles E. Wilson, Chairman of the Government War Production Board and President of the giant General Electric corporation, came up with plans for a "permanent war economy" in the USA.

A little while later, in 1946, British Prime Minister Winston Churchill, in his attempt to revive the "crusade" against the USSR, in his ill-famed speech in Fulton (USA) spoke for the first time of the "cold war" and openly announced to the whole world the designs of the Western powers to mobilise all their forces to "fight communism." When the Second World War was going strong, the more "far-sighted" American politicians, together with the monopoly elite, had tried to lay the groundwork for a future aggressive foreign policy course for the USA so as to keep up the tempo of the arms race in peace-time, too. In December 1943, American newspapers wrote that the principal participants in the anti-Hitler coalition were the only powers most likely to be at loggerheads with each other (the USA and Great Britain versus the USSR) after the Second World War. Reflecting the militaristic sentiments in the United States, the *Politics* magazine observed in February 1944: "As World War II enters its climactic stage, it becomes increasingly clear that this is not the 'War to End All Wars'... World War III is not only a distinct possibility, it is inevitable."<sup>1</sup>

<sup>1</sup> Quoted from: Seymour Melman, Ed. *The War Economy of the United States*. Readings on Military Industry and Economy, New York, 1971, p. 53.

At that very time the US State Department and the War Production Board came up with detailed plans for preparing the material-technical and production base for a future war. To maintain a "permanent war economy" some of those championing an aggressive anti-Soviet course in the post-war period demanded that US military expenditures be kept, after the end of the Second World War, at the level of \$10,000-\$20,000 million per year.

From the point of view of today's Pentagon leaders and military-industrial corporations, that sum is not very imposing since it is not much more than the cost of just one major arms system. On the other hand, the figure seemed to be colossal because USA military spending had never reached \$2,000 million in the pre-war period.

Just over twenty years later, even what was formerly considered sufficient for maintaining a "permanent war economy" seemed scanty compared with the USA actual military expenditures. After 1967, the latter never dropped below \$70,000 million per year, and in the 1968 and 1969 fiscal years, it exceeded \$80,000 million.

However, immediately after the Second World War the American politicians and strategists had to resort to short-term manoeuvring. While the war had not directly harmed the US economy, it cost tens of thousands of American lives and the economy needed a pick-up. The demobilisation of large contingents of American troops and the switch over to a peacetime economy likewise called for certain expenditures.

That is why by 1948 military expenditures were cut down to \$11,800 million despite the

open resistance of the monopolies and the dissatisfaction of the military. That was as low as it went: after that the budgetary expenses of the Defense Department and other expenditures for military purposes began to shoot up. The military budget increased in accordance with the transformation of the USA military-political doctrines, which, for the purpose of "national security," demanded increasingly greater military allocations.

The history of the USA post-war "strategic thought" begins with the "preventive war" doctrine. In the very first few months after the Second World War, President Harry S. Truman's Administration, hypnotised by the acquisition of what then seemed a secure monopoly on the atom bomb, made nuclear blackmail the cornerstone of its foreign policy. The top brass unscrupulously concocted fabrications about a "Soviet threat" and, in the name of the "national security of the United States," called for "total war" against the USSR with the employment of nuclear weapons. The first Secretary of Defense in the reorganised Defense Department, James V. Forrestall, kept calling for a "preventive" nuclear war against the Soviet Union. Louis A. Johnson, who replaced him, inherited both the portfolio and the strategic concept of his predecessor.

The Soviet Union tested its atom bomb in August, 1949. That bewildered the American politicians and cut the ground from under their ambitious "preventive war" designs.

The Government of the Soviet Union put forward a proposal on prohibiting nuclear weapons.

In reply the Washington strategists demanded that the nuclear arms race be sharply stepped up. In April, 1950, the National Security Council—the US President's advisory body responsible for working out the major decisions with regard to foreign and military policy—handed President Truman a document numbered NSC-68. Authored by State Department officer Paul Nitze, State Secretary Dean G. Acheson and Defense Secretary Louis A. Johnson, it laid the foundation for the massive peacetime buildup in the US military-economic potential and demanded that the military machine function at full capacity so as to promote the US "position-of-strength" policy. The sharp acceleration of the arms race meant that the idea of a "permanent war economy" had virtually triumphed.

In 1951, the US military expenditures amounted to 22,000 million dollars. The military quarters and some of the civilian leaders demanded that military allocations be immediately boosted, according to some estimates, to \$60,000-\$70,000 million per year. Armament factories were kept going at full capacity; new centres for military research and for the development of new types of weapons sprang up. The "cold war" situation and the US aggression in Korea were exploited by the American generals as a pretext for demanding that budget allocations be stepped up. In 1953, military spending climbed to \$50,000 million—more than twice the 1951 figure. The war consumed more than two-thirds of the Federal budget allocations.<sup>1</sup>

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<sup>1</sup> *Statistical Abstract of the United States*, 1954, p. 241.



The NSC-68 document speeded up the interaction of the forces that promoted the development of the military-industrial complex of the USA. The Defense Production Act of 1950 merely legally sanctioned and gave a detailed economic interpretation of the main political guidelines outlined in the National Security Council document. The new law furnished the President and his Executive Office as well as the government departments with full powers to stimulate military production in the country. The government departments were vested with the right to make or guarantee loans obtained from private sources to corporations and private industrial enterprises in order to "promote and speed up the development of war production," and also to extend facilities for handling defense orders. The government got the right to purchase large quantities of strategic and critical materials and resell them to private firms, as a rule, at a lower price. The Defense Department was given greater leeway to lease to private war contractors large factories and a huge amount of state-owned equipment.<sup>1</sup>

Thus, a permanently functioning military-industrial machine came into being. The advocates of a "permanent war economy" got what they were out for.

The military expenditure of the United States after 1953 never went below \$40,000 million. Considering that that sum was allotted after the US war in Korea, which had consumed a

<sup>1</sup> See, for instance, *Nineteenth Annual Report of the Activities of the Joint Committee on Defense Production*, Congress of the United States, Washington, 1970, pp. 112-119.

considerable part of the "defense" allocations, it is obvious that far more was actually being spent on armament than during the years of the Korean venture. The next spurt in the growing military-technical potential stemmed from the new strategic concept of "massive retaliation" or "massive atomic thrust."

On January 17, 1961, President Dwight D. Eisenhower addressed the people on the termination of his term of office. That traditional bowing-out speech was destined to become more famous than those made by any other US President. What Eisenhower said was surprising to many and even alarming. That day he coined the phrase "military-industrial complex."

"...conjunction of an immense military establishment and a large arms industry is new in the American experience," he said. "The total influence—economic, political, even spiritual—is felt in every city, every state house, every office of the Federal Government... we must guard against the acquisition of an unwarranted influence... by the military-industrial complex..."

"We must never let the weight of this combination endanger our liberties or democratic processes."<sup>1</sup>

The definition "military-industrial complex" was precise and meaningful. For several days it was given world-wide publicity in the press, on the radio and television. Then it somewhat lost

<sup>1</sup> *Super-State*. Readings on the Military-Industrial Complex, Ed. by H. I. Schiller and J. D. Phillips, Chicago, 1970, pp. 31-32.

its news value and disappeared from the front pages of newspapers for a while.

America and the whole world again remembered Eisenhower's words when in 1969 that country was enmeshed in a tangle of domestic socio-economic problems caused mostly by the colossal sums spent by the government on war and armament. But at that time, as in 1961, very few in the United States knew that President Eisenhower himself was the one who had played a decisive role in strengthening the positions of the military-industrial complex.

For it was none other than Eisenhower, who took over the presidency in 1953, and State Secretary John Foster Dulles, who authored the "massive retaliation" doctrine, first formulated early in 1954. The essence of the new strategic concept, Dulles declared, is to rely on a great ability to launch an instantaneous retaliatory attack by means and in places chosen by the United States. In other words, this meant giving the military a free hand to resort to nuclear weapons.

The "defensive" trend of the new doctrine was simply an attempt to conceal its aggressiveness. The new military-buildup plan mapped out and adopted by the government concentrated on the creation of an enormous fleet of strategic bombers. Because of vulnerability at the aerodromes, the bombers failed to serve as an instrument for a "retaliatory attack". Actually both the doctrine and the means of its implementation were intended for a nuclear first-strike offensive and were openly used for nuclear blackmail.

The new doctrine made redistribution of the military budget imperative. The number of servicemen was considerably reduced, but much more was allocated for the development of new aircraft, rocket and nuclear technology. The military-industrial monopolies anticipated even greater profits. The military-strategic plans of the Eisenhower Administration gave powerful, added impetus to the development of a "permanent war economy."

But very soon afterwards the first cracks appeared in the "massive retaliation" strategy. The growing economic and military power of the USSR and other socialist countries, their consistently peaceable foreign policy and efforts to secure the unconditional and complete prohibition of nuclear weapons destroyed the confidence of the advocates of "total nuclear war." It was clear to the whole world that the USSR would never be the first to employ nuclear weapons, and in the event that the Soviet Union were attacked it would be able to crush the aggressor by the same means.

Proceeding from the new balance of forces in the world, the 20th Congress of the Communist Party of the Soviet Union drew the significant conclusion that in our time war can in principle be averted.

But the American political and military leaders were reluctant to give up their aggressive schemes and to forgo their idea of world domination. In his book *Nuclear Weapons and Foreign Policy* published in 1957 Henry A. Kissinger, an expert on foreign policy problems who is now President Nixon's Assistant for National Security Affairs, called for replacing the "mass re-



taliation" doctrine with the "limited war" strategy so as to enable the United States to continue its former "position-of-strength" policy in the changed world by different means.<sup>1</sup> The idea behind the new concept was that while retaining the freedom to indulge in adventurist moves in the world arena, the United States should try to secure a certain guarantee of safety from a retaliatory strike in the event that it launched aggression.

The new concept was accepted with reluctance by the military quarters, which, despite the dictates of common sense, were unwilling to discard the idea of a "total victory over communism."

The adoption of the new military-political doctrine, like the "flexible response" strategy that soon replaced it, led to a restructuring of the US Armed Forces and, what was much more important from the viewpoint of military-industrial monopolies, inspired the development and buildup of new types of armaments. The Eisenhower Administration and the succeeding John F. Kennedy Administration saw the development of inter-continental ballistic missiles and tactical nuclear weapons, the construction of new rocket launchers and effective means of camouflage and defense, and the development of "conventional" arms.

The "permanent war economy" became part of the US scene.

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<sup>1</sup> Henry A. Kissinger. *Nuclear Weapons and Foreign Policy*, N. Y., 1957.

## The Burden of the Military Budget

The US rulers adhered to the "flexible response" strategy throughout the 1960s. In early 1971, Defense Secretary Melvin R. Laird came out with a new strategic concept which he called "realistic deterrence."<sup>1</sup>

This brand new military-political doctrine was adopted because of the failure of the foreign policy course pursued by the American Government in the last few years and the impasse in which the United States found itself as a result of its interventionist policy in Vietnam. Then, too, it stemmed from the political situation in the United States, where the people are becoming increasingly insistent that more attention be paid to domestic socio-economic problems instead of foreign military ventures. The tremendous pressure on its financial system and on the international position of the dollar due to the US foreign military commitments and expenditures was one of the basic causes of the currency and financial crisis in the United States and the devaluation of the dollar in 1971. That was another reason why the USA had to revise its military-political strategy, why it deemed it necessary to make more extensive and effective use of the forces of its allies in the world arena, to give up its role as world gendarme and to shift

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<sup>1</sup> *Statement of Secretary of Defense Melvin R. Laird before the House Armed Forces Committee on the Fiscal Year 1972-1976 Defense Program and 1972 Defense Budget*, March 9, 1971, Washington, 1971.

an increasing part of the expenses for attaining its foreign policy objectives onto the shoulders of its partners in the aggressive military blocs.<sup>1</sup>

It was these factors that dictated the policy of the Nixon Administration with regard to military spending. Mr. Laird declared that the government was striving to stabilise military expenditure at a level amounting to approximately seven per cent of the country's gross national product. What, however, actually lies behind that "stabilisation"? As indicated by the magazine of the major American monopolies, *US News & World Report*, in the next few years the "stabilised" military expenditure will be at a level of more than \$80,000 million.<sup>2</sup> In effect this means that the military budget is to keep increasing each year with the growth of the gross national product. The military outlay will be even bigger because the United States has been compelled to curtail its military presence and the scale of the war in South-East Asia and later on to end the hostilities. The whole of the sum thus made available is to go towards modernising and renewing the arms arsenal of the United States. The Pentagon and the military-industrial monopolies will be able to obtain an annual increase of nearly \$30,000 million over 1968-69 to develop new long-term programmes for armament, to erect military projects and build up the rocket and nuclear arsenal.

To sum this up: the US military expenditure in the 1948 fiscal year totalled \$11,800 million.

<sup>1</sup> See the magazine *USA: Economy, Policy, Ideology*, M., No. 12, 1971, pp. 6-7, in Russ.

<sup>2</sup> *US News & World Report*, May 17, 1971, p. 33.

In the draft budget for the 1973 fiscal year President Nixon asked Congress to authorize the spending of the colossal sum of \$83,000 million for military purposes, which is seven times the 1948 figure.

The present government's "realistic deterrence" doctrine is used to justify the Pentagon's demands for more money. This doctrine is based on a number of military and foreign policy concepts of the American Government, above all on the concept of the so-called "adequacy" of strategic forces, on the "one-and-a-half wars" concept and the plan to reduce the numerical strength and increase the mobility and efficiency of "general purpose forces". What do these concepts mean in terms of the budget?

In his foreign policy message President Nixon was very vague about the "adequacy" concept. Adequacy, he said, implies the existence of forces capable of sufficiently crippling a potential aggressor so as to prevent it from attacking the United States. The "elucidation" that followed obscures the meaning of this statement even more, since, in effect, it entitles the Pentagon and the government to determine the "adequate level of forces" without any restriction whatsoever.<sup>1</sup> Moreover, as pointed out by the Soviet expert on USA military policy, V. Larionov, "the history of the arms race in the USA shows that very often the development level of the armed forces and armaments was determined by the

<sup>1</sup> *US Foreign Policy for the 1970s: Building for Peace*. A Report to the Congress by R. Nixon, President of the United States, February 25, 1971, Washington, 1971, p. 17.



American generals on the basis of their subjective assessment of the degree of outside 'threat'. In these issues the Pentagon acted as a supreme judge and an indisputable authority."<sup>1</sup>

The USA's arsenal of strategic armaments includes, according to US statistics, 1,000 Minutemen missiles located in the US, each with a megaton warhead. Besides this, there are 54 Titan-2 missiles which are equally or more powerful. The 41 nuclear submarines are armed with 656 missiles having nuclear warheads. The strategic forces also include 520 bombers, each capable of carrying two 20-megaton charges;<sup>2</sup> part of the B-52 bombers is on constant patrol. In recent years the technology of destruction was modernised: the B-52 bombers now carry 2-4 nuclear bombs ranging from 1 to 24 megatons each, and to the wings of every plane are attached two Hounddog missiles of 4 megatons each.<sup>3</sup>

Between 1970 and 1972 the United States spent \$7,400-\$7,700 million per year on strategic arms. The maintenance of its nuclear forces alone costs \$3,000-\$4,000 million annually. One-time Director of the Bureau of the Budget, Ch. Schultze, considers that if the expenditure on research and development connected with strategic armaments, on reconnaissance and means of communication, on the personnel of the strate-

gic forces, etc. were added to this, the total sum would be \$19,000-\$20,000 million.<sup>1</sup> A similar estimate has been made by Professor George Rathjens, a well-known American expert on disarmament.

In the report he made to Congress in February 1972, the US Defense Secretary announced that more would be spent on strategic armaments in the 1973 fiscal year. The new sum will amount to \$8,800 million,<sup>2</sup> or about 16 per cent more than in the preceding fiscal year.

Commenting on the demand to boost military allocations in 1973 to \$83,400 million (i.e., \$6,300 million more than in the preceding fiscal year), and especially on the marked increase in expenditure on strategic armaments, *US News & World Report* warned: "Those added billions for future spending will finance the start of some very important changes in defense strategy."<sup>3</sup>

The "adequacy" concept, it must be assumed, fully satisfies the advocates of the "position-of-strength" policy in the USA and the leading military-industrial monopolies, for the planned boost in military expenditure involves, among other things, new big orders for strategic missiles and bombers.

Hence the Soviet expert, S. Fedorenko, seems to be correct when he says that "a scrutiny of the component parts of the 'realistic deterrence' strategy shows it to be somewhat similar to the

<sup>1</sup> *The USA: Economy, Policy, Ideology*, M., No. 11, 1971, p. 31.

<sup>2</sup> *The Military Balance, 1971-1972*. The International Institute for Strategic Studies, London, 1971, p. 3.

<sup>3</sup> *SIPRI Yearbook of World Armaments and Disarmament*, Stockholm International Peace Research Institute, Stockholm, 1970, p. 50.

<sup>1</sup> Ch. Schultze e. a. *Setting National Priorities. The 1972 Budget*, p. 109.

<sup>2</sup> *The Budget of the United States Government. Fiscal Year 1973*, p. 79.

<sup>3</sup> *US News & World Report*, February 7, 1972, pp. 24-25.

'massive retaliation' doctrine, and the claims of the Pentagon leaders that their 'realistic deterrence' strategy is original and novel appear, mildly speaking, groundless."<sup>1</sup>

While analysing the programmes for the build-up of the so-called "general purpose forces" (which means non-strategic forces) a parallel can likewise be drawn with the "massive retaliation" doctrine. It is planned to reduce the number of servicemen, primarily by withdrawing troops from Vietnam. But the mobility of troops is to be sharply increased (by adopting new giant transport planes of the C-5A Galaxy type) and, besides, production has been started of new types of "conventional" weapons: aircraft, tanks, short-range missiles and the like. But even after the "reduction" the numerical strength of the "general purpose forces" will still be great. According to the government's plans, the number of servicemen in the 1973 fiscal year is to be 2.4 million. Maintaining and equipping the "general purpose forces" cost more than \$50,000 million annually.<sup>2</sup>

Until recently, the American strategists, without concealing their aggressive designs, proceeded from the so-called "two-and-a-half wars" concept when drawing up their claims for the military budget. According to that concept, the United States should be ready simultaneously to wage two major wars (in Europe and Asia, for instance) and a lesser war elsewhere. Such plan-

ning of military spending enabled the Joint Chiefs of Staff to increase their claims unhampered, and the Defense Secretary—to press the President and Congress for new boosts in the military budget.

In the last few years the American strategists have switched to the "one-and-a-half wars" concept (a major war in Europe or Asia and a lesser one elsewhere). The adoption of that new concept meant that Washington had recognised the "two-and-a-half wars" concept was a failure and was trying to shift part of the burden of its military spending on its allies in the aggressive blocs.

But even now, with the new, relatively "moderate" concept, expenditure on the "general purpose forces," as Ch. Schultze's estimates show, may soon rise to \$60,000 million per year, with no limit in view.<sup>1</sup>

Consequently what proportions will the Pentagon budget reach in the foreseeable future, taking into account the vagueness of the "adequacy" concept and the possible cost of some new weapons systems?

This is what Richard Barnet, a well-known expert on disarmament and foreign policy, has to say about the explosive expansion of the USA military-economic machine: "Unless some crucial assumptions behind present defense policy are explicitly rejected, the Pentagon's escalator will take the American public on a ride toward a \$200 billion annual budget... In five years a \$200 billion defense budget is likely to sound as austere as \$80 billion does today... Since

<sup>1</sup> Ch. Schultze c. a. *Ibid*, p. 64.

<sup>1</sup> See the magazine *World Economy and International Relations*, No. 7, 1971, p. 69.

<sup>2</sup> Ch. Schultze c. a. *Setting National Priorities. The 1971 Budget*, Washington, 1970, p. 19.



there is almost no weapons system remotely imaginable which the Soviet Union could not build if it devoted enough time, energy, and resources, the only limit to US military spending is the Pentagon's imagination."<sup>1</sup>

The realism of this kind of prediction is much more significant than it may appear at first glance. At any rate, even without crossing the bounds of Mr. Laird's "stabilisation" level of seven per cent of the gross national product, US military spending by the late 1970s may creep up unnoticed to \$150,000 million a year. Moreover, as the Defense Secretary has repeatedly said, the seven per cent level should be regarded as no more than a means of orientation, not as a limit to the part of the gross national product expended for military purposes. After all in 1961, when Eisenhower made his famous statement on the dangerous growth of the military-industrial complex, military expenditure was "only" \$50,000 million, and that figure was staggering at the time. In less than ten years the amount increased by two-thirds as much again.

And, there is still another circumstance of great importance that has to be considered. It may not take a lot of money at the onset to devise a new type of weapon. But, when it comes to building the first stage of a new defense system it inevitably means a greater outlay on its production, development, exploitation, etc, and these expenses may be tens and even hundreds of times the original sum. For instance, in the 1971 fiscal year \$938 million was allotted for

the development of a new fighter for the US Navy, whereas the cost of the whole programme is to exceed \$30,000 million. That same year \$100 million went into the construction of the new strategic BIA bomber, but the ultimate cost of the entire programme is estimated at \$15,000-\$20,000 million and, moreover, it will take a great deal of money to operate the system. Thus, the decision to finance the initial stage of developing the new weapon means the American Government will be stepping up the arms race in the next few years and, consequently, boosting military allocations. Congressman William Moorhead recently published estimates calculating the overall cost of all the weapons systems that have already been started to be somewhere between \$161,000 million and \$176,000 million.<sup>1</sup> It should be emphasised that this is the minimum sum to be spent on the programmes studied by Moorhead.

One of the systems that could cost more than any of the previous ones is the Safeguard anti-ballistic missile system (ABM). The government originally planned a "thin" ABM system which was to cost over \$10,000 million according to an official preliminary estimate. At the same time, preparations were started for adopting before very long a decision on the development of a "thick" Safeguard system, which could cost, according to Jerome Wiesner, President Kennedy's former Science Adviser, more than \$100,000 million. Stuart Symington, one-time Air Force Secretary and now an influential Senator, estimated

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<sup>1</sup> R. Barnett. *The Economy of Death*, N. Y., 1969, pp. 17, 20.

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<sup>1</sup> *Time*, March 8, 1971, p. 17,

the cost of a "thick" ABM system to be \$400,000 million.<sup>1</sup>

Realisation of this perilous and costly venture of the US military was to have been hampered by the signing in May 1972 in Moscow of the Soviet-initiated treaty between the USSR and the USA on limiting anti-missile defense systems.

The calculations of American economists show the actual cost of the new weapons systems to be, as a rule, two or three times the original estimates. Studies made by the Brookings Institution have indicated that the real cost often exceeds the original estimates by 300-700 per cent.<sup>2</sup>

It is easy to understand why this has become a customary way of going about things. It is not hard for the Joint Chiefs of Staff and the Defense Secretary to persuade the President and Congress to adopt a new programme that is fairly moderate in cost. And there is little danger of evoking sharp protest from the public. Furthermore, once the production of a new system has started, it is much easier to push through a law sanctioning additional allocations under the pretext of the sudden necessity for new research, development, tests, etc.

The bulk of the direct military expenditure—about 90 per cent in the last few years—is handled by the Defense Department. It finances the maintenance of the armed forces personnel, the purchase of military equipment and its opera-

tion, military construction, research and development for military purposes.

However, the Defense Department does not account for all direct military spending. There are also the expenses of the Atomic Energy Commission (AEC) and the National Aeronautics and Space Administration (NASA), and the foreign military "aid" bill, a big part of which does not come under the Pentagon budget.

The Atomic Energy Commission develops and produces new types of nuclear weapon in accordance with the plans and recommendations of the Defense Department. Of late the AEC budget for these purposes comes to the staggering amount of nearly \$2,500 million per year. Military research likewise consumes a large part of the NASA's expenses, which total more than \$3,000 million annually. To be sure, a certain part of the AEC and NASA spending goes to non-military research, but even more goes on military outlays disguised in the civilian items of the budget.

All these military expenses taken together have averaged some \$85,000 million in recent years, and in the 1973 fiscal year the sum will be much greater.

Such are the dimensions and structure of the USA direct military expenditures. Moreover, this does not cover all the Federal Government's budgetary expenditure associated with the building up and functioning of the war machine. For instance, the pensions and allowances paid to war invalids and to the families of those killed in the Korean and Vietnam wars average more than \$10,000 million annually. Interest on the National Debt comes to over \$20,000 million annual-

<sup>1</sup> *Super-State*. Readings on the Military-Industrial Complex, Ed. by H. I. Schiller and J. D. Phillips, Chicago, 1970, p. 54.

<sup>2</sup> *Congressional Record*, 91st Congress, 1st Session, March 10, 1969, Vol. 115, No. 42, pp. S2518-S2522.



ly.<sup>1</sup> Its staggering amount (over \$450,000 million in 1972<sup>2</sup>) is due mainly to artificial inflation of military expenditures, especially in connection with the Korean and Vietnam wars.

Altogether, the annual total of direct and indirect military spending was more than \$115,000 million in 1972, or about half the Federal Budget expenditure. Since the Federal budget is a reflection of the political line followed by the Administration, it explicitly denotes the militarist and aggressive nature of US policy.

The United States spent the colossal sum of \$1,500,000 million in the post-war period on the arms race, on its huge army, on aggressive military blocs and on its allies. According to the well-known American experts Herman Kahn and Anthony Wiener, who work in close contact with the US Government, that sum is exactly five times the value of the gross national product for 1965 of all the countries of South America, Africa and Asia (excluding Japan and the USSR), with a population totalling over 2,000 million.<sup>3</sup> The American sociologist C. W. Mills has shown that the US Government's per capita expenditure for military purposes was \$2.25 in 1913 and \$250 in 1952<sup>4</sup> and was expected to shoot up to some \$400 in 1972.

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<sup>1</sup> *The Budget of the United States Government. Fiscal Year 1972*, p. 49.

<sup>2</sup> *Economic Report of the President. January 1972*, Wash., p. 271.

<sup>3</sup> H. Kahn and A. Wiener. *The Year 2000. A Framework for Speculation on the Next Thirty-Three Years*, N. Y., 1967, pp. 142, 143.

<sup>4</sup> C. W. Mills. *The Power Elite*, N. Y., 1957, p. 212.

The enormous military spending has an adverse effect on the United States economy hampering the solution of the numerous socio-economic problems. "In the United States," General Secretary of the US Communist Party Gus Hall said in his address to the 24th CPSU Congress, "the declining quality of life is closely related to the aggressive war policies of US imperialism. It is related to the crisis of that policy."<sup>1</sup>

A state with a flourishing "economy of death" cannot afford to take care of its people's vital requirements. Even representatives of the US ruling circles have to admit that. For instance, Senator George McGovern, candidate for President in the 1972 election campaign, contends that the huge sums unnecessarily spent on armaments, on the US troops in Europe and on the war in Vietnam should be re-channelled to the civilian sector of the economy so as to increase substantially domestic employment and lessen the effect of unemployment—one of the toughest problems facing America today. Senator Edward Kennedy attacked the government for planning to increase military spending by \$6,300 million in the 1973 fiscal year, declaring that what the country needed was to spend thousands of millions on schools, housing and the health services.

The Federal budget of the United States is the main means of redistributing the national income in favour of the military-industrial complex and constitutes the financial basis for its functioning. Moreover, about half of the total military spending, as a rule, goes on the pur-

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<sup>1</sup> *Our Friends Speak*, APN, Moscow, 1971, p. 346.

chase of military equipment, ammunition and other war commodities. The arms race policy has turned the Federal budget into a real sinecure for the military-industrial monopolies. By steadily escalating its military expenditure, the USA has raised present-day war production magnates—the suppliers of lethal weapons.

## Magnates of the War Business: Lucrative “Patriotism”

Soon after the Second World War the Pentagon's expenditure on the development and production of new armaments skyrocketed. This drastic acceleration was chiefly due to Washington's aggressive military-strategic doctrines and foreign policy course and the frenzied rate at which the cost of new missile and nuclear arms systems was rising. The orientation on missile rearmament adopted by the Kennedy Administration in the early 1960s proved to be a marked stimulus to stepped-up military expenditures. In the 1960 fiscal year, the Pentagon placed orders totalling \$22,500 million with private military-industrial corporations and by the 1969 fiscal year war orders had gone up to over \$42,000 million.<sup>1</sup>

The tremendous increase in the share of budget allocations annually consumed by the military-industrial corporations is matched by sustained concentration of production and capital in the war industry. A high concentration of pro-

duction and capital is in general far more characteristic of American industry than any other developed capitalist country. Two-thirds of the USA total output is controlled by 500 major monopolies. But in the armament industry a mere 100 military-industrial giants get about two-thirds of the Pentagon's primary war orders. The remaining one-third is given to 22,000 lesser companies; in 1968, 25 leading corporations received war orders involving \$17,700 million, which made up 45 per cent of the total cost of the military contracts concluded that year by the Defense Department. And half of that sum went to five of the biggest munition makers. The same ratio was maintained in subsequent years.

The bulk of war orders have been rapidly concentrated in the hands of a handful of principal concerns. Nine of the chief concerns working on war orders pocketed \$5,700 million in the 1956 fiscal year, \$9,400 million in 1959 and \$11,000 million in the 1968 fiscal year.

At the same time, the small companies are gradually but surely being swallowed up by the major ones. In the 1955 fiscal year, “small business” handled 25.3 per cent of all the war orders; in 1968, the share had dropped to only 19 per cent.<sup>1</sup>

Most of the principal military-industrial companies depend either entirely or almost entirely on war orders: among them are General Dynamics, McDonnell Douglas, Lockheed Aircraft, United Aircraft and Boeing. These corporations are securely tied in with the Pentagon. War orders account for well over half of their sales.

<sup>1</sup> *US News & World Report*, April 21, 1969, p. 61.

<sup>1</sup> *Fortune*, August 1, 1969, p. 75.



About 90 per cent of Lockheed's output and 75 per cent of McDonnell Douglas output is made up of government war orders. These firms supply the Pentagon with the major types of armaments. General Dynamics builds atomic submarines and F-111 fighter bombers; Lockheed turns out Polaris missiles and C-141 and C-5A military transport aircraft; United Aircraft sells the government jet engines and helicopters; McDonnell Douglas supplies F-4 Phantom fighters and A-4 (Douglas) bombers; Boeing manufactures Minutemen missiles, helicopters and B-52 bombers. Often these firms themselves work out and propose prospective plans for research or production of new types of arms. "We try to foresee the requirements the military is going to have three years off," John W. Bessire, a General Dynamics spokesman, once declared.<sup>1</sup> The industrial magnates specialising in the "economy of death" are spurring on the production of new arms systems and looking for new ways of enlarging production. Many of the Pentagon's contractors have set up their own "brain trusts," which carry out (naturally for high pay) so-called "studies of threats" for the Defense Department, and propose means to avert any "threats" they discover. Then the given firm fulfils the order for the new type of weapon it has proposed. For example, on receiving an Army Department order to make a prognosis of world military-political development up to 1985, Douglas Aircraft eventually came to the conclusion that the USA should further step up the

<sup>1</sup> See R. Barnett. *The Economy of Death*, N. Y., 1969, p. 102.

arms race and preserve its troops and military bases all over the world.

The military-industrial monopolies go all out—from outright bribery to "high level" political pressure—to get profitable government orders. For some time now the military-industrial complex and the press organs close to it have been spreading the idea that war production is "unprofitable" and that the firms working on Pentagon orders are just about losing money. The corporations make it sound as though they are simply fulfilling their "patriotic duty," as a non-profit undertaking. This myth can soon be dispelled by anyone who cares to look into the matter.

The question of profits on war orders has been studied in detail by the well-known American economist, Victor Perlo, in his book entitled *Militarism and Industry. Arms Profiteering in the Missile Age*. He cites numerous examples to show that the actual share of the profits pocketed by the war industrialists averages to at least 18 per cent of their total sales. Another American expert in war economy, Professor Murray L. Weidenbaum, who is Assistant to the Secretary of the Treasury, puts the figure at 17.5 per cent after studying the profitability of war orders given to six major military-industrial companies between 1961 and 1965. The rate of net profit made over the same period by equally large companies not working on war orders never exceeded 10.6 per cent.<sup>1</sup>

<sup>1</sup> *Super-State*. Readings on the Military-Industrial Complex, Ed. by H. I. Schiller and J. D. Phillips, Chicago, 1970, p. 21.

The special enquiry into the profits of the military-industrial corporations, carried out by the Congress Subcommittee on Economy in Government, once again confirmed the correctness of these estimates. "...There is evidence," the Subcommittee had to admit, "that profits on defense contracts are higher than in related non-defense activities, and higher for the defense industry than for the manufacturing industry as a whole. There is also evidence that this differential has been increasing..." The Subcommittee regards as "unconvincing" the arguments of the Department of Defense to the contrary.<sup>1</sup>

Even the financial statements do not show the actual profits amassed by war contractors. They often give the proportions of profits in terms of percentage of the total capital investments. As a matter of fact, a substantial part of the investments in the military-industrial corporations is made by the government by granting them state-owned plants for an insignificant, token "rent." The value of this state property often exceeds the capital invested by the corporation, and sometimes amounts to as much as 80-90 per cent of the total sum invested. Besides, a great many of the factories now owned by private war contractors were sold to them by the state for a song. And by using the system of the so-called "progressive payments," the Pentagon virtually grants the arms manufacturers fixed as well as circulating capital free of charge. For

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<sup>1</sup> *The Economics of Military Procurement*. Report of the Subcommittee on Economy in Government, Joint Economic Committee, Congressional Record, 91st Congress, 1st Session, 1969, pp. 16-17.

instance, the C-5A aircraft programme cost Lockheed \$2,114 million by February 1970. Of this sum, the government had paid \$2,038 million by that date in the form of regular "progressive payments." Hence by showing profits in terms of percentage of the capital invested, the military-industrial corporations intentionally understate the share of profits.

Firms that work both on war orders and non-military production and declare their profits on the whole can likewise greatly minimise the profits made on war orders. Finally, the American press has publicised numerous facts showing that the USA system of payment for war orders enables contractors to greatly pad production cost figures in their reports—in other words, to conceal the actual amount of profits by adroit accounting. In his recent book, *The War Profiteers*, American economist R. F. Kaufman writes that "defense contractors learned to make large amounts, in some cases the largest amounts, of their profits practically undetectable by old-fashioned auditing methods."<sup>1</sup> The amounts of concealed profits have been so great that the General Accounting Office (GAO) had to conduct a special inquiry into the methods of accounting used by the military-industrial firms. Discovering no end of dubious accounting methods and covert abuses in that field, the GAO proposed introducing a uniform system of accounting for all firms. The military-industrial corporations immediately made it clear they were dead-set against this proposal, thus confirm-

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<sup>1</sup> R. F. Kaufman. *The War Profiteers*, N. Y., 1970, p. XVI.



ing the assumption that a large part of the profits is buried in a maze of accounting.

Shortly afterwards the General Accounting Office conducted a new survey whose results, made known in early 1971, again infuriated the companies doing war work. No wonder: the study of 146 contracts alone disclosed that the profits concealed by the military-industrial monopolies through adroit accounting amounted to \$4,250 million. This sum brought the rate of profit in the investigated deals up to the fantastic level of 56.1 per cent on an average.<sup>1</sup> Thus the corporations doubled their wealth by keeping the bulk of their colossal profits from being taxed by the state, which further increased the burden on the ordinary taxpayer.

The profits of the military-industrial corporations are assuming such scandalous proportions that the government and Congress have been compelled to start an investigation to soothe public opinion. A typical example is the figures obtained by the Senate Subcommittee, headed by Senator John D. McClellan, which checked on the purchase of Nike-Ajax and Nike-Hercules missiles. The Defense Department concluded the contract for the development and production of these missiles with Western Electric in 1945. The latter had Bell Telephone Laboratories look after the scientific and technical development of the missiles, and more than 70 per cent of the production was contracted out to eleven different firms, which in turn parcelled out subcontracts to dozens of other firms. The missiles ultimately cost the government \$2,500 million, of

which production costs, as established by the McClellan Subcommittee, only amounted to \$1,400 million. The chief contractor, Western Electric, made \$112.5 million in profits on an outlay of \$359.3 million. It turned out that the firm's profit was calculated on the total cost of the orders, including the work done by the subcontractors. That way the rate of profit was quite moderate—a mere 7.9 per cent; but the actual rate (i.e., in relation to Western Electric outlays) was over 31 per cent.

Each of the subcontractors, too, made huge profits, acting in exactly the same way as Western Electric had done, i.e., including in the cost of the order they fulfilled the cost of the work contracted out to other firms. Hence what was called "pyramidal profits" were reaped: the self-same work profited two or three or even more firms. The result was that out of the total cost of the order for the Nike-Ajax and Nike-Hercules missiles (\$2,500 million), about \$1,100 million (47 per cent) went to the safes of the military-industrial monopolies in hard cash.<sup>1</sup> Today Western Electric is the chief contractor for the production of the Safeguard ABM system. The staggering costs of the new contracts even as compared to the previous order which ran into billions make it easy to imagine how much will be pocketed in profits by this corporation.

At any rate, the monopolies made a 43 per cent profit on investments in the Minutemen programme. As Admiral Hyman Rickover told a Senate Subcommittee in 1969, the suppliers of

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<sup>1</sup> Clark R. Mollenhoff. *The Pentagon. Politics, Profits and Plunder*, New York. Putnam, 1967, pp. 270-281.

<sup>1</sup> *Time*, March 8, 1971, p. 17.

propulsion turbines used to be quite satisfied with a ten per cent profit a few years ago, whereas now they will not take orders if they think they will make less than 25 per cent in profits. He also said that shipbuilders had doubled their rate of profits in the two preceding years.

War orders are, therefore, highly profitable to the military-industrial monopolies. The firms included in this group regularly receive surplus profits on capital invested in war production, which even the biggest monopolies not engaged in war work do not get. A kind of redistribution of the national income is taking place, with the state making up the difference at the expense of the Federal budget.

The "patriotic motives" of the military-industrial corporations pay high dividends. No wonder the corporations are anxious for government war orders, which years of experience have proved to be most lucrative.

## Headquarters of the Arms Manufacturers

One of the most vivid features of the military-industrial complex as a form of militarism in the period of accelerated development of USA state-monopoly tendencies is the existence of an entire military sector in the US economy. In that military-industrial empire the Defense Department plays the central coordinating, and often leading, role. The dismal Pentagon building, erected a quarter-century ago on the marshy bank of the Potomac River, has become the real head-

quarters of the arms manufacturers. It is here that the ideas and plans are devised that bring the military-industrial monopolies fabulous excess profits. It is also the centre for the financial and administrative supervision of the production of the major weapons systems.

As we have already mentioned, the American Government unscrupulously loans the military-industrial corporations fixed and circulating capital, thus making war work more profitable for them. Equally important are the ways and means practiced in the USA of handling war orders. The machinery of government contracting has a decisive say on the prices of war products and, consequently, on the extent of profit.

Practical supervision with regard to devising and building new weapons systems is the responsibility mainly of three government agencies: the Department of Defense, the Atomic Energy Commission (AEC) and National Aeronautics and Space Administration (NASA). They work out the basic principles and the national policy as to war orders. The Pentagon plays a leading part. In the post-war years the military procurement offices of the Pentagon and other government departments have been expanded and there has been a constant development and sophistication of the military procurement machinery, which, in its present form, constitutes a powerful instrument for state-monopoly regulation of the economy.

According to current American legislation government war orders can be placed through formally advertised contracts or through negotiated contracts. The first way, notice is given in the press or by other means, of the intent of



the relevant Department to procure, or contract for the production of, a certain system of weapons or goods. Several firms tender their bids to the procurement office and it decides which offers to accept.<sup>1</sup> Until 1947, this was the only officially approved method and the practice was only changed in wartime, when it became most imperative to mobilise the country's industrial resources. In peacetime the system of formally advertised contracts was fully re-established, since to a certain extent it ensured efficient government spending on armament.

The Armed Services Procurement Act of 1947 radically changed that system. Formally advertised contracts remained the general rule, but for the first time in peacetime the law established 17 exceptions to this rule, specifying when the negotiated contracts would be permissible. It is in order, for instance, when it is a case of developing and producing a sophisticated weapons system that makes formally advertised contracts "impractical."<sup>2</sup> In practice it is easy to classify any war order as such, thereby giving the military departments officials who place the orders the necessary leeway to pick who is to get the contract. No information is divulged about the planned order. More often than not, the government official hands the order to one of the major military-industrial firms which have the experience and immense technical potentiali-

ties for making sophisticated weapons systems, and are closely associated with the Pentagon procurement offices.

Hence the monopoly position of the major producers of armaments is virtually legalised. By obtaining the bulk of the contracts through negotiated contracts, they do not have to contend with the undesirable competition of other firms.

In the last few years about 90 per cent of the defense orders were placed through negotiated contracts.<sup>1</sup>

It is obvious that the military-industrial complex stands to gain by negotiated contracts. Robert McNamara, one-time Defense Secretary, claimed that formally advertised contracts instead of negotiated contracts would make it possible to cut down expenditure on defense orders by 25 per cent. Some American economists estimate that the amounts now spent on negotiated contracts could be cut in half. Negotiated contracts also serve as the simplest means by which the government hands the giants of private war production large orders for "conventional" weapons (orders guaranteeing super profits). For instance, the contract for M-16 rifles was negotiated with General Motors although another firm, Maremont Corporation, made a much better offer. The result, according to a special Senate Subcommittee, was that the consignment of rifles cost the government an extra \$100 mil-

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<sup>1</sup> 1969 *Government Contracts Guide*, Chicago, 1969, pp. 171, 190.

<sup>2</sup> G. Cunco, *Government Contracts Handbook*. Machinery and Allied Products Institute and Council for Technological Advancement, 1967, pp. 23-27.

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<sup>1</sup> *Report on the Feasibility of Applying Uniform Cost-Accounting Standards to Negotiated Defense Contracts by the Comptroller General of the United States*, January 1970, p. 4.

lion although General Motors failed to meet the specified delivery deadlines.

In the early 1960s the Defense Department, looking for new ways of satisfying its growing requirements, tried to increase the number of orders given out on the basis of formally advertised contracts. But the attempt was strongly opposed by the military-industrial firms. Besides, the Defense Department itself feels that formally advertised contracts are not feasible for certain contracts, such as those involving research, experimental and design work for the manufacture of missiles, aircraft, etc. But more than half of the annual war orders are for such items.

The result is that even at the preliminary stage of negotiations for placing an order the military-industrial monopolies, with the government's full consent and cooperation, are assured of high profits for the work done.

And there is more to it. All contracts belong to one of two main categories, depending on the agreed-upon principles of payment: firm-fixed-price contracts when a fixed sum is to be paid to the contractor irrespective of the ultimate cost of the work, and contracts on a cost plus fixed remuneration basis. These two categories are in a sense the two extremes with many in-between variants.<sup>1</sup>

Firm-fixed-price contracts are made when the exact cost of carrying out the order can be predetermined. Since unstable economic conditions in the USA make this almost always impossible,

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<sup>1</sup> *Department of the Navy RDT & E Management Guide*, 1967.

contracts of that type contain a special proviso that prices are subject to revision in the event of changes in the cost of raw and other materials and labour power.

Practice has shown that for the most part price revisions mean price hikes. But in the case of fixed prices this sometimes presents a great deal of organisational difficulties for the contractors. The so-called "incentives" contracts", provide for greater leeway. Along with fixed prices there is the proviso that the contractor may make more profit if production costs turn out to be lower than anticipated on making the contract, if there is a saving in raw materials, if orders are fulfilled in less time, etc.

Since the state also benefits from the economised sum the Defense Department declared such contracts were an almost miraculous means of saving state funds. But it soon proved otherwise. Contractors who quickly mastered a new system found it extremely advantageous. To ensure higher profits than usual they often overstated production costs at the planning stage. Then it was easy to "economise" on the deliberately padded costs of production and pocket part of the difference as additional profit. No wonder that corporations soon favoured this type of contract, which was first introduced less than ten years ago. "Incentives" contracts" subsequently branched out into new varieties. The Pentagon's present plans envisage handing out even more of these contracts.

As for the second type of contracts, the government reimburses the contractor for all expenses connected with the development and production of new military equipment. Besides, the



contractor receives a fixed remuneration. This type of order is especially beneficial for the military-industrial firms, for it enables them artificially to pad production costs. One of its special aims was to ensure a set profit for the monopolies while working out sophisticated armament systems whose cost is difficult to determine in advance.

One cannot say that the Pentagon has not tried to raise the "economic efficiency" of its procurement operations. There have been scandalous cases of abuse and monstrous embezzlement in financing arms deliveries. From time to time Congress committees have conducted much publicised investigations. That is why for some time now it has become somewhat traditional in the United States for every new Defense Secretary to announce, on taking office, a campaign "to economise on government funds" and to "make Defense Department spending more efficient."

Robert McNamara, an economist and statistician by education, zealously set about to deal with the matter. For seven years he tried, with the help of his group of economic analysts, to introduce some sort of method in decision-making as regards the production of new types of weapons and to regulate the system of military procurement.

The military-industrial complex fiercely resisted attempts to apply in war production rational methods that were customary for the non-military sector of the US economy. The directors of the monopolies and the military expressed open dissatisfaction with McNamara and the members of his group, whom they dubbed the "whiz kids", regarding their efforts as an unwar-

ranted infringement of procedures long established in the military-industrial empire.

The military's dissatisfaction with the interference of "a civilian" in the province of their exclusive rights and financial interests was one of the main reasons for McNamara's resignation. Even so his measures in no way curbed the growth of military spending. Instead of diminishing, it almost doubled in the period when McNamara held office in the Pentagon. And, moreover, before terminating his term of office he himself declared that the measures taken in no way were intended to reduce the defense contractors' profit.

All attempts to work out a scientific-analytical approach to military procurement and to close the glaring loopholes seized upon by the arms manufacturers for financial machinations merely ended in new colossal government over-expenditures and in a corresponding boost in monopoly profits. Subsequently Defense Secretary Laird tried to blame McNamara for many of the Pentagon's unsuccessful operations for procuring new systems of weapons. One of them, which caused a great furore, was the order for C-5A aircraft.

Under McNamara the military procurement offices worked hard to devise new principles and methods of contracting for the development and production of new systems of weaponry. One thing they came up with was the "Total Package Procurement Contracts (TPPC)." Based on fixed prices, it covered the designing, production, assembling and operation of military installations, the training of service personnel and so on, for as long as the given weapons system lasted. It



also permitted the contracting firm to receive additional "incentive" remuneration above the stipulated contract figure.<sup>1</sup> Naturally, such contracts, which included a vast complex of operations, could be undertaken only by very large firms with well organised production and a ramified research apparatus. Once again the interests of the military-industrial monopolies came first.

The new form of contracting was to be one of the principal measures in the Pentagon's "economising" campaign. The first deal transacted by the new method was the order for mammoth military-transport C-5A planes. As soon as the contract was made the price of the new plane skyrocketed. As a result, an additional outlay of \$2,000 million for 120 planes was planned by 1969.

Therefore the very system of the government's contracting and the principle of fixing prices on war products tend to guarantee special profitability in war production.

Regardless of what firm takes the Pentagon's order and the method of contracting, the Defense Department takes great pains to protect the contractor's interests. The state's requirements stemming from its aggressive policy and the interest of the arms-producing monopolies in making high profits dovetail. The main reason why monopolies charge unduly high prices for war commodities (making war production in the United States highly profitable) is that, as pointed out by the authors of a fundamental Soviet analysis of problems of today's monopoly capital-

<sup>1</sup> *Harvard Business Review*, January-February 1970, p. 123.

ism, "owing to the state-monopoly nature of the present militarist complex, there are a whole set of conditions that make it especially advantageous to use industrial capital in the military sphere."<sup>1</sup>

The conclusions of these Soviet authors are borne out by American economists. "So long as military spending is kept at wartime levels," says Richard Kaufman, a well-known expert on war economy, "and so long as the present contract system is used to meet military requirements, the problem of profiteering will remain and grow worse."<sup>2</sup>

Attention should be drawn to another important aspect of the relationship between the contractor and the buyer of arms in the USA. The Pentagon acquires considerable economic power over the corporation which is to fulfil its armament orders. Very often the prosperity of major firms solely depends on their obtaining Defense Department contracts.

Several war industry giants vied for the \$7,000 million order for the TFX (F-111) plane that would take a number of years to produce. Finally all but two were eliminated: Boeing and General Dynamics.

At first Boeing had every reason to believe it had pocketed the order. The technical and military experts were all sold on its design for the plane and the preliminary decision made in 1962 was to offer Boeing the contract. But pres-

<sup>1</sup> *Political Economy of Today's Monopoly Capitalism*, Ed. by Academician N. N. Inozemtsov et al., in two volumes; Moscow, 1971, Vol. II, p. 25.

<sup>2</sup> R. F. Kaufman. *The War Profiteers*. N. Y., 1970, p. XX.



sure was subsequently applied by pro-General Dynamics Congressmen, who were supported by Navy Department Secretary Fred Korth, Lyndon Johnson, US Vice-President at that time, and other statesmen. They all insisted on giving the order to General Dynamics, which had one of its biggest branches in Texas. As a result this firm got the titbit from the Defense Department getting the second biggest share of the war orders pie in the 1965 fiscal year (\$1,100 million). But tough competition is customary in American business. The new order, as the American press reported, practically saved General Dynamics from bankruptcy, which shortly before that had lost about \$500 million at its Convair branch. The TFX order helped the corporation to survive. The Defense Department had again come to the rescue of its old partner.

An even more glaring case was the previously mentioned order for the C-5A plane. Working on the order, Lockheed incurred record-making expenditures. Despite the very flexible terms of the contract, losses were estimated at \$758 million, which meant complete bankruptcy. But Lockheed, one of the Pentagon's long-standing contractors, had for many years filled orders for the production of various, mainly air-missile, systems of weaponry. It does much to ensure the American Government foreign policy and military objectives. For that reason the government undertook to replace \$558 million of the losses and to defer payment of the rest for up to ten years. Furthermore, the government guaranteed the loans granted to Lockheed by twenty-four American banks, totalling \$350 million. To bolster the firm's shaken finances, the government

granted it a series of big and obviously advantageous defense orders.<sup>1</sup> The hapless contractor got a good scare and nothing more.

The state in effect is fully liable for the prosperity of the major armament contractors. What is more, it actively intervenes in the production and economic affairs of the military-industrial firms, controlling the process of handing out subcontracts, the import or production at other enterprises of completing units and items, the daily work schedule, etc. Armament orders have thus become a key instrument for economic regulation by the state, and the military-industrial corporations have virtually turned into the principal state-monopoly enterprises of present-day America.

All this led some prominent American economists, including J. K. Galbraith and S. Melman, to affirm that the major military-industrial firms are semi-nationalised. Galbraith even proposes nationalising the key defense enterprises so that they might become fully state-controlled.<sup>2</sup>

One can only sympathise with the American scholars who would like, by that means, to restrict the power and influence of the military-industrial complex and to get rid of the problems of cost overruns and financial abuses that inevitably accompany war production in the United States. In the USA 22,000 firms, with about 100,000 subcontracting firms, work on war

<sup>1</sup> *Business Week*, February 6, 1971, pp. 22-23.

<sup>2</sup> J. K. Galbraith. "The Big Defense Firms Are Really Public Firms and Should Be Nationalised", *The New York Times Magazine*, November 16, 1969. See also: S. Melman. *Pentagon Capitalism. The Political Economy of War*, N. Y., 1970.



orders. State control of the few major military-industrial corporations would fail to end abuses by the remaining army of arms manufacturers, who are mainly motivated by gain and super-profits. Moreover, the military-industrial complex serves US imperialism's militarist aims, which stem from its aggressive foreign policy and military-strategic doctrines. This means that the monopolies will be able to continue to make fortunes on war work and the military-industrial complex will become even more influential.

The US Government policy of stimulating armament production has led to the emergence of a group of allied satellites in conjunction with the military-industrial complex. The USA system of scientific research and education, for example, plays a fundamental role in the militarisation of the US economy and in the arms race. Consequently, the Pentagon keeps an eagle eye over what goes on in that regard.

## Science in the Service of Militarism

In the late 1930s a chemist applied to the US Navy Department for a job. He was rejected on the grounds that the Department already had a chemist.

That sounds very strange today, when more than half of the American scientists and engineers are directly or indirectly associated with the Pentagon.

The USA death-dealing industry is increasingly seeking to exploit scientific achievements for its own ends. "It is the fault of imperialism,"

said L. I. Brezhnev, "that the labour of many millions of people, the brilliant achievements of the human intellect, of the talent of scientists, researchers and engineers, are used not for the benefit of mankind, for promoting progress and the remaking of life on earth, but for barbarous, reactionary purposes, for the needs of war, the greatest of calamities for the peoples."<sup>1</sup>

The US Administration's course of stepping up military spending has led to the rapid growth of outlays for scientific research for military purposes. Not counting the "Manhattan" project for making the atom bomb, the top figure spent on military research during the Second World War was \$500 million per year; during the Korean war the figure shot up to \$1,300 million a year.

Recently the US Administration has been spending as much as \$15,500 million a year on military and military-space research and development. The Defense Department, the Atomic Energy Commission and National Aeronautics and Space Administration account for 85-90 per cent of all government allocations for research and development.<sup>2</sup>

The militarisation of research in the USA deprives the civilian sector of research and development of huge funds and an increasing number of highly skilled scientists. The latter are attracted to the military sector of research pri-

<sup>1</sup> *International Meeting of Communist and Workers' Parties*, M., 1969, p. 143.

<sup>2</sup> *The ABM and the Changed Strategic Military Balance*, Wash., 1969, pp. 23-24; *Business Week*, February 14, 1970, p. 90.



marily by the high pay and better scientific-technical facilities. A 1961 survey showed that of the 400,000 scientists and engineers engaged in research work in the USA, 250,000 were in some way working on defense or space research.

Congress makes a great "to do" of any concessions it doles out for research and education not tied in with the defense programme, and even the paltry sums that are ultimately allotted can be easily curtailed by the US President. On the other hand, the Pentagon benignly hands out billions in order to turn the best and most brilliant achievements of the human intellect against man himself and have them serve the destructive forces of war. For example, in 1968 the USA spent four times as much on chemical and bacteriological warfare research as on anti-cancer research.<sup>1</sup>

The Pentagon does not limit itself to purely military research. It is increasingly involved in fundamental research and development, which is supposed to be handled by the National Science Foundation. But the latter now takes care of only 12 per cent of this type of research work and gets only 2-3 per cent of the Federal allocations for research and development.<sup>2</sup> At the same time the Defense Department, NASA and the Atomic Energy Commission are taking over an ever greater share of the fundamental research carried on in the country. The reason, *Look* magazine wrote, is that the Defense Department, NASA and the Atomic Energy Commission obtain allocations more easily. And the legislators are surprisingly generous to them. For exam-

ple, in examining the claims for military allocations in the 1967 and 1968 fiscal years, the House Armed Services Committee went so far as to give the Pentagon an extra \$1,325 million for war orders and military research and development.<sup>1</sup>

One of the most sinister manifestations of the Pentagon's influence in the scientific sphere is the extensive research and production of such atrocious means of warfare as chemical and bacteriological weapons.

Research on chemical and bacteriological weapons is carried out in the USA in a number of secret centres, for instance, in Fort Detrick (Maryland), where means are devised for the wholesale, bacteriological poisoning of people and crops over large areas. The microbes of anthrax, cholera, pneumonic and bubonic plague, typhus, of fungous and other diseases are cultivated for that purpose. The Pentagon has contracts with more than fifty American universities and colleges for developing chemical and bacteriological weapons.<sup>2</sup> The Stanford Research Institute, for one, participated in the development of missiles for delivering toxic agents. Pennsylvania State University did research on the application of chemical weapons in Vietnam. The University of California in Berkeley is doing research on the means of waging bacteriological warfare.

Due to the persistent efforts of the Soviet Union and other socialist countries, in April 1972 the United States signed the Convention on the

<sup>1</sup> *Look*, August 26, 1969, p. 35.

<sup>2</sup> *Ibid*; *Business Week*, February 14, 1970, p. 90.

<sup>1</sup> *Foreign Affairs*, October 1969, p. 55.

<sup>2</sup> S. Lens. *The Military-Industrial Complex*, Pilgrim Press & the National Catholic Reporter, 1970, p. 124.



Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction. That was the first important step on the part of the USA towards actual recognition of the principles set forth in the Geneva Protocol of 1925. Nothing less than total renunciation by the United States of the use of chemical and bacteriological weapons, along with the destruction of all its stockpiles, can avert the calamities threatened by these means of mass destruction.

After the Second World War the Pentagon consistently built up its research base, comprising dozens of research organisations (laboratories, centres, institutes). So-called "non-profit corporations" sprang up and flourished, the high salaries and excellent facilities attracting prominent scientists to military research.

The first "non-profit" organisation was the RAND Corporation, which engaged mostly in military research. Set up in 1945 and originally attached to the Douglas Aircraft Corporation, it was later separated from the latter because everybody could see that its research was purely in the Corporation's interests. As an independent military-research organisation, RAND was the trail-blazer for a series of similar "non-profit" corporations, which despite the name, turned out to be highly profitable for the employees. A few years later public interest in the finances of the "non-profit" corporations led to investigation by a special Congress Subcommittee. It was found that one of the corporations—L-T-V-Aerospace—paid vast sums to its employees. The board of directors categorically refused to

give any account of certain types of expenditures.

Aerospace and allied corporations were lavish with their funds which were easy to come by, the bulk of them being supplied by the Defense Department. For instance, the RAND Corporation, which carries on a great deal of research of all kinds (ranging from rocketry to the state of the Soviet economy and Soviet military thought) receives 65 per cent of its allocations from the Air Force Department alone. Some 75-80 per cent of the Hudson Institute's funds regularly come from the Defense Department.<sup>1</sup> The Pentagon orders given to "non-profit" organisations run into tens of millions of dollars per year. In the 1971 fiscal year, the RAND Corporation contracts concluded with the Defense Department amounted to \$19 million, the Navy Research Centre—more than \$9 million, the Institute of Defense Analysis—\$11 million.<sup>2</sup>

The Pentagon's ties with the "non-profit" organisations and universities of the country make up the backbone of the entire structure of military research in the USA. More and more colleges are falling into the orbit of militarisation. The Defense Department had concluded contracts with universities and colleges to do diverse military research—on nuclear-missile technology, on the effect of chemical and bacteriological weapons, on the behavioral sciences, anti-insurgent warfare, etc.

In the list of the Pentagon's 100 major arms contractors, the "peaceful" Massachusetts Insti-

<sup>1</sup> *Hudson Institute Report to the Members*, 1969, p. 7.

<sup>2</sup> *National Journal*, December 5, 1970, p. 2644.



tute of Technology (MIT), held 62nd place in 1967 with defense contracts totalling \$94.9 million. Not far behind was the Johns Hopkins University with contracts amounting to \$71.7 million the same year. In 1968, the MIT-Pentagon contracts totalled about \$123 million. By 1971, MIT had worked its way up to 45th place in the list.<sup>1</sup> Stanford, Rochester and Chicago Universities, the California Institute of Technology and other institutions of higher education are among the foremost of the Defense Department adjuncts.

The Pentagon has contracts with 350 higher schools and "non-profit" organisations, including 93 universities and colleges, and these contracts amount to \$700 million a year.<sup>2</sup>

According to a Carnegie Foundation report, without these sums "the whole character of many universities' research programs (and in consequence their instructional programs) would change. Faculties in many instances would shrink. Many research efforts would have to be abandoned completely. Others would be sharply curtailed."<sup>3</sup> California University in Berkeley is an example of this: of its multimillion annual budget only 26 per cent goes for student education and 62 per cent is spent on research, mostly ordered by the Atomic Energy Commission.

Even such a reputable educational establishment as Harvard University is considered to be very much a part of the Pentagon orbit, receiv-

ing up to \$6 million a year from there. The Dow Chemical Corporation is making fabulous profits on the production of napalm, which was extensively used by American troops in Vietnam. But it should be borne in mind that the first batch of this lethal substance was made in the laboratories of Harvard University.

Personal connections play a major part in the stepped up process of militarising research in the USA. In keeping with the military-industrial monopolies' increased interest in the research centres, representatives of the military industrial elite are now occupying top research posts. For instance, the Vice President of the Massachusetts Institute of Technology, which works hand in glove with the Defense Department, is J. P. Ruina. Formerly a high-ranking Pentagon officer, he now heads the Lincoln and the Instrumentation Laboratories, whose contracts with the Defense Department are estimated at \$92 million a year. William Hewlett, President of Hewlett-Packard, a military-industrial firm, is a member of the board of trustees of Stanford University.<sup>1</sup>

Defense Department representatives have quite a say in determining the direction of military research and development. This leads to greater concentration of military research and to an increase in the number of universities and other centres engaged in large-scale military research. When President Lee A. DuBridge of the California Institute of Technology (CIT) became President Nixon's Science Adviser, Harold Brown,

<sup>1</sup> Look, August 26, 1969, p. 34; *Aviation Week & Space Technology*, December 6, 1971, pp. 50, 51.

<sup>1</sup> *Aviation Week & Space Technology*, December 6, 1971, p. 51.

<sup>2</sup> *Harvard Business Review*, May-June 1968, p. 63.

<sup>3</sup> *Ibid*

who until then had been Secretary of Air Force, became the new CIT President. That year the Defense Department gave CIT \$3.5 million in contracts and NASA and the AEC upped the amount by another \$5 million.<sup>1</sup>

Military research carried out by the University of Rochester in 1966 on a contract basis amounted to a million dollars. In 1968 Robert L. Sproull, who is Chairman of the Defense Science Board—the Pentagon's supreme scientific consultative body—became the University's new Vice President. The University's military contracts immediately shot up to \$13 million. William Rambo, Associate Dean of the Stanford School of Engineering and Director of the Stanford Electronics Laboratories (which have defense contracts of \$2.2 million), is also a member of the Board of Directors and a joint owner of Itek, a firm producing military electronic equipment. In addition Rambo is a member of several military-consultative committees, including the Defense Department Advisory Group on Electronic Warfare and the Army Electronics Command.<sup>2</sup>

Many progressive-minded American scientists have noted the disastrous influence that the snowballing war-work research has on the training of scientific cadres. Stanford's President, Kenneth Pitzer, declared in this connection: "Our national priorities are wrong."<sup>3</sup> Even so it is the Defense Department that dishes out the funds to many universities for their research programmes or for their expansion. Stanford's

<sup>1</sup> *Look*, August 26, 1969, p. 34.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*, p. 35.

new Space Engineering and Science Building was built with \$2,000,000 in subsidies from NASA and \$1,000,000 from the US Air Force.

In his book, *The Pentagon. Politics, Profits and Plunder*, American journalist Clark R. Mollenhoff wrote: "The big Pentagon budget has become a handy place for the nation's colleges and universities to find the answer to some of their pressing financial problems, and no doubt the Defense Department grants and contracts provide the means for paying higher salaries and buying better equipment... Many in the academic community may be unaware of the power that the Pentagon money could wield in the larger educational institutions, but in the Defense Department itself, power and the centralisation of that power in the Office of Defense Secretary is well understood."<sup>1</sup>

## The State and the Monopolies: a "Business" Alliance

The drawing up and fulfilment of the government's defense orders is, as we have seen, a very involved process. Nevertheless, one of the chief motives behind it all—to secure super-profits for the military-industrial monopolies—is strictly observed and easy to come by. Without close personal contacts between the representatives of the war industry and the government officials distributing defense orders it

<sup>1</sup> Clark R. Mollenhoff. *The Pentagon. Politics, Profits and Plunder*, New York, Putnam, 1967, pp. 18-19.



would certainly not be the case. But they do exist on a very diverse, far-reaching scale. The tie-in between the military-industrial lords, the Pentagon and the research centres, and the interplay of these basic subdivisions of the military-industrial complex based on their common financial and business interests, are highly indicative of the might of the military-industrial complex and serve to make the exclusive state-monopoly elite in the United States all the more powerful.

The Defense Department has long since gained a firm foothold in industry. This is obvious from the simple fact that 100 of the major military-industrial corporations employ more than 2,000 retired generals, colonels, Navy captains and admirals which is three times the figure ten years ago. The mounting military expenditures, the growth of defense orders and the increase in the number of retired high-ranking officers working in war industry have all gone hand in hand.

Especially significant is the fact that over half of these 2,000 retired officers are employed by the ten leading armaments firms: Lockheed Aircraft has 210, McDonnell Douglas—141, General Dynamics—113, North American Rockwell—104.<sup>1</sup>

Speaking about the tendency to give the top posts in American industry to retired high-ranking officers, Senator William Proxmire said their prestige is helpful in influencing the Pentagon when it comes to handing out contracts to

the companies they work for. And since those who are still in service and have something to do with purchasing war materiel have an eye to the future and to getting an important post with one of these companies, they act accordingly.

Confirming this statement, the American press published a series of facts revealing that many of the former officers now employed by these firms had earlier taken a very active and direct part in handing out Defense Department contracts for war orders. On their decision, multi-million-dollar contracts were given to the firms that employed them on their retirement from military service. For instance, three Air Force officers who recently retired and took on a job with North American Aviation (whose war contracts totalled \$669 million in 1968) had up to then been responsible for checking on the fulfilment of contracts with this same firm. One was immediately made an executive of one of the corporation's departments. North American Aviation, among other things, is one of the principal contractors for the production of Minutemen-II missiles. The cost of the Minutemen-II programme was originally estimated at \$3,200 million, but eventually soared to \$7,000 million. Incidentally, the drawing up of the contract was supervised by none other than Lieutenant-General W. Austin Davis, who at the time was Chief of USAF's Ballistic Systems Division and who, on retiring, became Vice President of North American Aviation. And it is this company, which employs 104 retired officers with the rank of colonel or higher including several former Air Force generals, that employed the offi-

<sup>1</sup> Senator W. Proxmire. *Report from Wasteland. America's Military-Industrial Complex*, New York, 1970, p. 78.



cer who used to be in charge of supervising all procurement in Davis's Division in the Air Force.<sup>1</sup>

It is true that the USA has laws which prohibit retired officers employed by companies from taking a direct part in signing contracts with any government Department along with a number of other restrictions in this regard. But these restrictions, as a rule, hold good for just a few years and, as noted by the commission that inquired into this question, other legislative acts make it possible to get around these restrictions. Besides, many of the former officers, while not participating in the formal signing of contracts, are consultants for the sales and contracting departments of these firms or special assistants of various kinds. Practice has shown there is good reason why these people got their soft jobs. For example, the 210 retired generals and colonels who work for Lockheed Aircraft Corporation had a hand in seeing that the latter got the order for the giant C-5A Galaxy type transport plane which by 1970 "managed" to go up in price by \$2,000 million.

However, the participation of retired officers in the affairs of such corporations is only one aspect of the functioning of US military-industrial complex. Equally important for the monopolies are their permanent contacts with Pentagon officials connected with defense procurement. This type of activity in the US Defense Department is a vivid example of corruption and the demoralising effect of a militarised economy.

Even during the American Civil War and the First World War, corruption was rife in the mi-

<sup>1</sup> R. F. Kaufman. *The War Profiteers*, p. 70.

litary-procurement offices. Financial manipulations were a common occurrence in the Defense Department during the Second World War as well. For example, General Bennett E. Meyers, who supervised defense procurement programmes totalling \$2,000 million, obtained \$200,000 from Aviation Electric Corporation in six years.

War profiteering continued after the war. Harold E. Talbott, on becoming Air Force Secretary in the Eisenhower Administration, continued to actively cooperate with Mulligan & Co., remaining an official partner of the company and compelling big defense suppliers to do business with it. For his "services" Talbott was paid about \$400,000 a year. When these facts were disclosed he had to tender his resignation as Secretary. On the day of his retirement he was decorated with the medal "For Outstanding Social Activity" and with the Freedom Medal—the highest award of the Defense Department for civilian employees.

Finally, the biggest scandal was in 1963 when Navy Secretary Fred Korth and Deputy Secretary of Defense in John Kennedy's Administration, Roswell Gilpatric, were accused of graft. They were blamed for being the main ones guilty of having the contract for the TFX (F-111) plane transferred to General Dynamics despite the recommendation of military and technical experts that the order be given to Boeing. The latter had presented the best specifications of the planned fighter-bomber at a better price. Before coming to the Defense Department Roswell Gilpatric was the legal representative of General Dynamics, and Fred Korth—President of the Continental National Bank



in Fort Worth, where the large Convair plant belonging to General Dynamics is situated. This firm was the Bank's biggest client.

Former Defense Department employees now on the directorate of military-industrial corporations get powerful support from the Department through its military representation at enterprises belonging to these firms. At the Lockheed plants in the town of Marietta there were 230 Air Force officers representing the Department in 1969. In spite of the tremendous opportunities for technical and financial control, the price of the plane being built at these plants skyrocketed. Many of the officers, *Look* magazine pointed out, "will probably join the 210 other retired generals and colonels at Lockheed." <sup>1</sup>

The system of constant interchange between the Pentagon and the military-industrial corporations of a handful of persons engaged in drawing up defense contracts is particularly conducive to lining the pockets of the partners in this "business" alliance. That is why the mutual "exchange" between the military and industrial circles continues to be the practice. In the period from July 1967 to December 1971 alone, says the American magazine *Business Week*, 1,100 former Pentagon employees of the rank of major or higher went over to industry and 232 top men from the military-industrial monopolies joined the Defense Department. <sup>2</sup>

The big military-industrial monopolies prefer not to dissipate their efforts: they simply place

their men at the helm of the higher state bodies. Charles E. Wilson in his day articulated the famous slogan which up to the present time is almost proverbial in the USA: "What is good for the country is good for General Motors and vice versa." <sup>1</sup> When Wilson left the armchair of the General Motors President for the imposing desk in the Cabinet of the Defense Department, the country hardly gained anything. But the benefit to General Motors is evident from its financial statements.

Wilson is a striking but not the only example of this kind. Before him, Louis A. Johnson of General Motors held a post in the same Cabinet, and Forrestall, the banker, was the first to be appointed Defense Secretary in 1947. Under Eisenhower this post was occupied by another banker, Thomas Gates, a representative of the giant Morgan Guaranty Trust Bank, which is associated with a number of military-industrial corporations.

The same was true of the Kennedy Administration, except for the fact that Robert McNamara was President of the Ford company, not General Motors, before being appointed to his government post. David Packard, who was Deputy Secretary of Defense in the Nixon Administration in 1969-71, is one of the founders, a head and joint owner of the Hewlett-Packard military-industrial firm and also of a powerful military-electronic corporation whose business with the Pentagon is estimated at \$100 million per year. Moreover, Packard, according to the American press, is the richest man ever to have

<sup>1</sup> *Look*, August 26, 1969, p. 31.

<sup>2</sup> *Business Week*, January 15, 1972, p. 51.

<sup>1</sup> R. Barnett. *The Economy of Death*, N. Y., 1969, p. 99.

held that post. In the past he had also been a member of the Defense Industry Advisory Council, which maintains direct contact between private war industry and the Pentagon.

Neither do the owners and executives of the major banks dealing with the military-industrial monopolies complain of being neglected. Under any President they are held in high esteem. For example, Paul Nitze, one-time Vice President of the Dillon Read Co. Wall Street bank, mixed in government circles for a long time, holding responsible positions. Under Truman he headed the foreign policy planning office in the State Department and was Secretary of the Navy during the later years of the Johnson Administration. Forrestall was also with that bank when he accepted the government post. Altogether, under Truman bankers occupied 22 key posts in the State Department, 10 in the Defense Department and another six highly responsible positions connected with policy-making with regard to national security and in other government establishments. Under the Eisenhower Administration the general picture was the same. A special survey conducted by the Brookings Institution showed that between 1933 and 1965 86 per cent of all the Secretaries of the Army, the Navy and the Air Force were formerly big businessmen or corporation lawyers.

Under the Nixon Administration, those given high posts connected primarily with foreign policy planning and armed forces buildup included two corporation lawyers—William Rogers and Elliot L. Richardson—and Congressman Melvin Laird, known as a die-hard champion of the military, who became Defense Secretary. Before giv-

ing up his seat in Congress he put out a book, *A House Divided: America's Strategy Gap*, in which he bluntly recommended a nuclear attack on the Soviet Union.

Hence the US Administration approves and supports the alliance of the state war machine and the military monopolies. The political goals of achieving world domination and the status of a "super power", and the determination to ensure super profits whatever way possible are the two compelling reasons for the alliance of the military and the arms manufacturers. This alliance operates with the precision of a well-running machine and every effort is being made to perfect it. That is what President Nixon and Defense Secretary Laird had in view when they decided to set up a special government panel to study the organisational structure and the functioning of the Defense Department. The panel, which was operative throughout the 1970 fiscal year, was to formulate recommendations on improving the Pentagon's organisation and work, focussing attention on the organisation of arms procurement and on raising the efficiency of the work done by defense contractors.

What were the recommendations?

First and foremost, it proposed the abolition of all existing restrictions regarding the choice, by the contractor, of the method of contracting and making it quite legal to conclude negotiated contracts. Second, "due attention", it said, should be paid to the expansion of the state military-industrial base. Third, the panel considered it essential to simplify to the utmost the procedure of concluding contracts and control-



ling their execution so as to spare contractors unnecessary formalities, and also to favour contractors with a simpler procedure of amending the "Armed Services Procurement Regulation".

All these recommendations were obviously meant to modernise the arms procurement machine in the interests of the war monopolies. Judging from the members, chosen and approved by the Defense Department, one would hardly expect the panel to act otherwise.

The panel was headed by Gilbert W. Fitzhugh, Chairman of the Board of the giant Metropolitan Life Insurance, which gave out loans totalling \$1,400 million to 24 leading defense contractors. Out of the 16 members, nine occupied top posts in 13 military-industrial companies and some of them were former Pentagon employees. Robert C. Jackson, for example, is Chairman of the Board of Ryan Aeronautical, which ranks 23rd in the list of the principal defense contractors and gets defense orders amounting to \$300 million a year. More than two-thirds of its business is with the Pentagon. Jackson is simultaneously a prominent member of the Air Force Association, the Navy League and the Army Aviation Association, and also of several war industrialists' organisations.

Another member of the panel, Lewis F. Powell, a retired colonel, is head and joint owner of Newport News Shipbuilding, which concluded defense contracts nearing \$200 million and which ranks 34th among the Pentagon's contractors. In different years this company has done 60-96 per cent of its business with the Defense Department.

Ruben F. Mettler, too, has long-standing, sound

ties with both the Pentagon and the war industry. Besides being the boss of the TRW Corporation (which does a \$180 million war business), he is Vice President of the Defense Industry Advisory Council. In the mid-1950s he was special adviser to the Assistant Secretary of Defense. During his ten years at TRW it moved up from 83rd to 38th place in the list of the Pentagon's hundred major contractors.

These characteristics apply to many other members of the panel. Eight of them alone represented a capital of more than \$1,000 million in defense orders and the war industry and with the chairman, Gilbert Fitzhugh, the sum would come to about \$2,500 million. Moreover, the panel's working apparatus was headed by J. Fred Buzhardt, a Pentagon employee who is special assistant to the Assistant Secretary of Defense. The principal part of the panel's inquiry was conducted by Stanford Research Institute—a major Pentagon contractor. With reference to this panel, Mr. Laird said it would examine the organisation and functioning of the Pentagon with a "fresh, objective and impartial view." Could one expect the members to make conclusions and recommendations harmful to themselves and the military-industrial companies they represented?

With the approval of the government and the US President, the Fitzhugh panel in the course of a year came up with recommendations favouring the military-industrial complex—which the panel's members themselves represented.

Even the support of the higher government quarters, however, does not cover the entire ma-

chinery of personal connections needed to do the job for the military-industrial complex. For it is the US Congress that has to endorse the military allocations.

## The Capitol—Chief Ally of the Military-Industrial Complex

According to *Congressional Quarterly*, the official Congress publication, of the 100 Senators and 435 House members at the 91st Congress (1968-1970), there were 310 lawyers and 184 bankers, but not one person from the working class. Many of these professional politicians are associated with big business and, moreover, are still reservists in the armed forces. Official figures show that out of the 535, 389 are ex-servicemen (including 320 in the House of Representatives), only two are scientists and eight are engineers. The American magazine *Progressive* is quite right when it says that with such a membership the House of Representatives constitutes an insurmountable barrier to any anti-war moves sponsored in Congress.

Moreover, it is Congress which, according to the US Constitution, has supreme power to distribute and endorse budgetary appropriations, to determine the allocations for the separate branches of the armed forces and for the major programmes regarding arms production and procurement. The Congress General Accounting Office is also formally entitled to control the financial affairs of government contractors and arms procurement offices.

No wonder the Defense Department uses every lever to sway Congress. Pentagon officials go in for lobbyism in the Capitol in a big way to secure military allocations and profitable armament orders for the corporations. The Defense Department has set up an unprecedented lobby to influence Congressmen and promote the Pentagon's interests. The chief task of this 340-man lobby is to promote "relations with the legislative body", i.e., to establish contact with Congressmen and get them to support the interests of the Pentagon and the military-industrial monopolies. Hence for every three men sitting in the Capitol there are two Pentagon agents. The lobby concentrates on the Congressmen who are most influential in pushing through decisions on new systems of weaponry and on military allocations.

While the Pentagon greatly influences Congress, the American press writes, the war industry can put pressure on both these bodies. The lobbyists of the military-industrial firms get recruits from chambers of commerce, local authorities, the State governments, and trade unions. The twenty-seven firms which in 1967 were to be given a contract for production of an ABM system have more than 300 factories situated in 172 Congress constituencies in 42 States. Consequently, the would-be contractors could exert direct pressure on 256 Senators and members of the House.

For the Congressmen themselves, the question of supporting the interests of the military-industrial corporations often has political as well as economic significance. The USA 500 biggest monopolies include 70 of the top 100 corporations



producing arms. According to incomplete data, 61 members of the House of Representatives have financial interests in these corporations that are the main Pentagon contractors. Among them are four members of the Armed Services Committee and three of the five-member Congress Joint Committee on Defense Production. Thirty-seven Congressmen are shareholders of the ten companies which secured the biggest orders connected with the development of the Safeguard ABM system.

By means of its lobby, and through its personal connections with Congressmen, the Pentagon has long been methodically applying pressure on the legislators. Out of the 435 members of the House of Representatives at the 91st Congress, 292 were classified as pro-war "hawks" by the American press. This figure reflects a dominant tendency. It sums up the results of the roll-call vote on 14 proposals regarding the trend and substance of US policy in South-East Asia. In the Senate, too, "hawks" predominate, although not so blatantly.

In determining military allocations, as facts have shown, inter-party differences are shoved aside. In the Congress military committees, most Republicans and Democrats are all for the military. As for the Armed Services and Appropriations Committees in both the Senate and the House of Representatives, for many years they have been headed by Southern Democrats notorious for their conservatism. The constituencies that elected them are dotted with military bases, installations, etc. A large number of bases and war enterprises are located in Georgia, the birthplace of Richard Russell, one-time Chair-

man of the Senate Appropriations Committee. Texas which elected George D. Mahon, Chairman of the House Appropriations Committee, ranks second among all States as regards the amount of arms contracts procured.

But better known, perhaps, is the touching consideration for his native constituency displayed by L. Mendel Rivers, who for many years was Chairman of the House Armed Services Committee. Admittedly, Charleston, South Carolina, is not suitable as a base for intercontinental ballistic missiles because of the shortage of space and the problem of subsoil waters. But Rivers' home town has a submarine base armed with Polaris missiles, an AF base, a large army depot, a dockyard, a naval supply centre, a navy hospital, a naval ballistic missile training centre, along with a series of naval installations and a naval infantry corps. All of these appeared here during Rivers' term of office in Congress. The businessmen who made a fortune on the construction of the military bases in South Carolina made a hero of him.

Sometimes, however, the role of defender of the military-industrial monopolies' interests put Mendel Rivers in an unsavory position. He became so odious in that role that in June 1969 he had to make an hour's speech in the House of Representatives in order to justify himself. There is not much point in quoting all his arguments. He regards Charleston's climate as ideal for the concentration of the various military institutions and installations there. The respectable Congressman became so irascible while justifying himself that he blurted out certain details that throw light on the connection be-

tween Congress and the military-industrial complex. He declared he was only one of the three members of the Armed Services Committee whose constituencies had obtained contracts for armaments. And, on the whole, 122 Congress constituencies had procured even bigger primary contracts than his own First Constituency in the State of South Carolina. The vehement Congressman said that he was opposed to excessive military spending, if such were the case.<sup>1</sup> But when it came to limiting the astronomic expenditure on Safeguard, on new missiles and nuclear submarines, he undauntedly spoke up on behalf of the American military-industrial magnates.

In early 1971 F. Edward Hebert took the place of the late Mr. Rivers. The former's views, the *US News & World Report* said, differed little, if at all, from those of his predecessor. Hardly had Hebert occupied the armchair of the Committee's Chairman when he declared: "The military-industrial complex is a part of us, a necessary part of us. . . I'll be seeking the same goals that Mendel did."<sup>2</sup>

These are but a few of the more typical examples of how personal connections and the system of participation in the directorates of corporations, the boards of trustees of universities and in the "advisory" councils of firms make individual representatives of the USA military-industrial complex all the more powerful. Such a system concentrates decision-making po-

wers regarding military-political issues in the hands of a few persons bound to protect one another. And these are just a few of the glaring examples.

In this respect, the conclusion made by bourgeois scholar R. Barnet is symptomatic. "The problem," he writes, "then, is not that those who make up the military-industrial complex act improperly, but that they do exactly what the system expects of them. Corruption is not nearly so serious a problem as sincerity. Each part of the complex acts in accordance with its own goals and in so doing reinforces all the others. The result is a government whose central activity is planning and carrying out wars."<sup>1</sup>

## "Garrison Society"

"The United States today is a garrison society. A garrison society is one in which it makes no sense to ask whether or not civilians control the military. It is a society in which the institutions and the men who hold military, economic, and political power have become so dependent upon one another; in which their goals and interests are so complementary; and in which the traditional boundaries between military and civilian spheres have broken down to such an extent that the very conception of civilian versus military control has no meaning."<sup>2</sup>

<sup>1</sup> R. Barnet. *The Economy of Death*, N. Y., 1969, p. 62.

<sup>2</sup> *The War Economy of the United States*. Readings on Military Industry and Economy, Ed. by Seymour Melman, N. Y., 1971, p. 180.

<sup>1</sup> *Congressional Record*, 91st Cong., 1st Session, June 12, 1969, Vol. 115, No. 97, pp. H4765-H4771.

<sup>2</sup> *US News & World Report*, January 11, 1971, p. 45.



Vernon K. Dibble, to whom these words belong, directly applies to the United States the "garrison state" theory advanced by American sociologist Lasswell in 1941. The latter had in view primarily the experience of Nazi Germany when he predicted that today's industrially developed capitalist states, which focus their attention on the problems of external military warfare, would have to subject the internal life of the state to the goals of war preparations and to the control by the military.

There was nothing new in Lasswell's hypothesis, for a profound analysis of militarisation as one of the basic elements in the development of state-monopoly capitalism had long before been made by Lenin. Lasswell, like the overwhelming majority of his compatriots, neither then nor a long time later conjectured that in just a few decades the theory of a "garrison state," or, what amounts to the same thing, a "garrison society," would be truly applicable to the United States—the country that boasted of its "democratic liberties". Yet this very problem was one of the major ones discussed at a 1969 conference in Washington. The conference was sponsored by several influential Senators and Congressmen—opponents of a stepped up arms race in the USA—for the purpose of demonstrating the peril inherent in US militarism. Professor Fred Warner Neal told the conference that to a certain extent a "garrison state" was already existent in the United States of today.<sup>1</sup>

<sup>1</sup> *American Militarism 1970. A Dialogue on the Distortion of Our National Priorities and the Need to Reassert Control over the Defense Establishment*, N. Y., 1969, p. 126.

Significantly, among those who agreed with Neal were not only many of the participants in the conference. Even some former adherents of a militarist course who had been outright supporters of the military-industrial complex began to realise the perilous consequences of the far advanced process of transforming the USA into a "garrison state." For instance, General David M. Shoup, one-time Commandant of the US Marine Corps, said: "America has become a militaristic and aggressive nation."<sup>1</sup> Even such an arrant conservative as Senator Allen J. Ellender of Louisiana, who is by no means a "dove", had to admit: "For almost twenty years now, many of us in the Congress have more or less blindly followed our military spokesmen. Some have become captives of the military. We are on the verge of turning into a military nation."<sup>2</sup>

Indeed, the military-industrial complex has long outgrown the simple alliance of the military and businessmen, set up and sustained to amass profits, although this still remains one of its main goals. The enormous military expenditure, as ex-Senator Eugene J. McCarthy admitted, now enables the Pentagon to exert increasing influence on the home and foreign policy of the USA.<sup>3</sup>

There is much evidence of how well-entrenched the military-industrial complex is in the

<sup>1</sup> *Super-State. Readings on the Military-Industrial Complex*, Ed. by H. I. Schiller and J. D. Phillips, Chicago, 1970, p. 93.

<sup>2</sup> See J. W. Fulbright, *The Pentagon Propaganda Machine*, N. Y., 1970, p. 14.

<sup>3</sup> *Progressive*, February 1969, p. 15.

internal life of the United States. That is especially true of the economy. The military-industrial enterprises employ nearly four million industrial workers, or 5 per cent of the country's total labour force. If we add to this the numerous civilian employees of the Defense Department and all the men of the Armed Forces, the figure would be 8 million. This means that one out of every ten workers and employees in the USA directly serves the war machine! The corresponding figure was 5.76 million in 1965 and 7.5 million in 1967.<sup>1</sup> And these figures do not include those who work for NASA, the Atomic Energy Commission and other governmental institutions directly connected with war preparations. Approximately 21 per cent of the USA wage and salary earners work for the war machine either directly or indirectly.

The Defense Department has over \$210,000 million in industrial equipment, fixed and other assets. Its land holdings are equal to the size of New York State in area. Its machinery and factory equipment alone was estimated in 1969 at \$18,000 million,<sup>2</sup> which is many times the value of the corresponding assets belonging to a number of major American industrial corporations. The Pentagon rents plant and equipment to military-industrial corporations on exceedingly favourable terms, and whenever necessary, it uses this as a powerful means of eco-

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<sup>1</sup> J. K. Javits, G. J. Hitch, A. F. Burns. *The Defense Sector and the American Economy*, N. Y., London, 1968, p. 67.

<sup>2</sup> *Report to the President and the Secretary of Defense on the Department of Defense by the Blue Ribbon Defense Panel*, Washington, 1970, p. 96.

nomic pressure on these corporations, and also on their competitors with regard to the production of non-military goods. For the arms manufacturers often shamelessly use state-owned equipment to produce what is made for the general market.

The firms and their branches doing war work are scattered all over the United States. There are arms-producing enterprises in more than 5,000 towns. This alone makes many Congressmen, as Senator Allen J. Ellender put it, assist the military blindly. Seeking to procure the multimillion contract for a new supersonic fighter-bomber for the firm situated in his constituency, House Member Jim Wright of Texas declared that the employment or unemployment of thousands of his electors depended on the fate of the contract.<sup>1</sup> It is not difficult to see that what he had in mind was his re-election in the following elections to Congress.

In reality, to say that the production of war goods is an indispensable requisite for providing jobs is to place the question backside foremost. For the actual reason why millions of workers are dependent on arms orders lies in the one-sided militarist orientation of many sectors of the US economy. The military-industrial complex that brought this about exploits it for its internal political objectives.

The tentacles of the military-industrial complex have grasped deeply into the US trade union movement. The Pentagon systematically spends a part of its funds to lure trade union

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<sup>1</sup> *Harvard Business Review*, May-June 1968, p. 62.



leaders. In August 1969, Senator Fulbright publicly accused George Meany, President of AFL-CIO, the largest trade union amalgamation, of taking a total of \$33 million from the government for his trade union in exchange for a promise to back up the demands of the military-industrial complex that the war in Vietnam be continued.<sup>1</sup>

Discussing the bond between the trade union bosses and the militarists, sociologist Sidney Lens writes: "(1) The labor hierarchy is a member in good standing of the military-industrial complex, pushing the same hard anti-communist line; and (2)... under the guise of fraternal help it has been involved for a quarter of a century in an overt and covert game of fashioning a foreign labor base for Washington's cold war objectives and counterinsurgency..."<sup>2</sup> Militarism, he concludes, "draws many forces to its maw, including the major segment of America's labor leadership."<sup>3</sup>

The fact that military force has been used to an unprecedented extent in recent years to put down the mass movements of the American people affords one of the most important and conspicuous manifestations of the tendency to turn the United States into a "garrison society". This implies the further enhancement of the military's internal police function, which, as Lenin emphasised, is one of the military's two main tasks, internal and external, in an imperialist state.

<sup>1</sup> S. Lens. *The Military-Industrial Complex*, Philadelphia, 1970, p. 100.

<sup>2</sup> *Ibid.*, p. 101.

<sup>3</sup> *Ibid.*, p. 121.

The dangers created by the internal use of military force for blatantly advertised "democratic liberties" have on many occasions been pointed out with alarm by quite a few political and public figures. "Yet today," said Adam Yarmolinsky, formerly Special Assistant Secretary of Defense, "as perhaps at no other stage in our history, the pressures for the use of the military in domestic situations are insistent and, perhaps, growing stronger."<sup>1</sup>

Even the far from complete official statistics which Yarmolinsky cites in his book conclusively point to the growing use of military force in punitive operations inside the United States. Within 20 years, from 1945 to 1965, National Guardsmen were used on 56 occasions to suppress "civil disorders". From August 1965 to December 1968, the authorities called out troops to crush mass movements and demonstrations as many as 126 times, or roughly three times a month.<sup>2</sup>

These figures vividly characterise the sharp growth of internal contradictions perplexing the formerly supposedly near-perfect American society. Military force is used, in the main, to crush Negro protest against unbridled racism, to quell the demonstrations of civil rights fighters and the students' anti-war movement. The National Guard is also employed by the monopoly elite of the USA to put down the strike movement. Stepped up internal punitive actions by the American military is not a chance phenomenon.

<sup>1</sup> A. Yarmolinsky. *The Military Establishment. Its Impact on American Society*, N. Y., 1971, p. 153.

<sup>2</sup> *Ibid.*, pp. 162-163.

non, it results from the well considered policy of the ruling circles. This is borne out, among other things, by the fact that in accordance with the special instructions of the Defense Secretary, training in ways and means of combating "civil disorders" was introduced in the National Guard and the units were supplied with more "counterinsurgent" equipment.

The solid positions of the military in government departments and in Congress are vivid proof of the USA's transformation into a "garrison society". According to the data cited by the well-known American journalist, S. Alsop, out of the 400,000 employees of the government institutions situated in Washington, 80,000 are military men.<sup>1</sup> But the influence of the militarist complex in the government is by no means confined to how well it is represented in the executive apparatus. For many years the policy of the US rulers was to make the Defense Department as independent as possible of the civilian Departments so as to turn it into a "state within a state." In recent years American political and public figures have noted with growing anxiety that more often than not military men have the last word in political decision-making.

Here is another fact of importance. Only 45 of the 500 employees of the former Bureau of the Budget were assigned to control the items pertaining to military expenditure when drafting the Federal budget, even though direct military spending made up more than 40 per cent

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<sup>1</sup> *The USA: Economy, Policy, Ideology*, No. 1, 1972, p. 68.

of the whole Federal budget. As a considerable part of the Federal budget is made up of so-called "uncontrolled" items, it turns out that 45-50 persons have to examine and control about 80 per cent of the expenditure for the remaining "controlled" items.<sup>1</sup> The officials of the Bureau of the Budget simply lacked the time to study in detail all the items of military expenditure. Nor did the situation change after the reorganisation of the Bureau into the Office of Management and Budget. The Defense Secretary is the only member of the government in the USA who, by-passing the Budget Office, discusses the budgetary claims of his Department directly with the US President and goes into the question with him of increasing allocations.

The powerful influence of the military on US foreign policy is even more direct and blatant. The USA "position-of-strength" foreign policy is backed up chiefly by means of the more than 400 large and about 3,000 smaller US military bases overseas, and the US warships constantly patrolling alien waters thousands of miles away from the American coasts. The military "aid" granted to dozens of foreign states on the recommendation of the Defense Department is likewise a major vehicle of foreign policy. In most of the countries where the United States has embassies and consulates, it also has military representations or missions. Highly indicative in this respect is the fact that the Defense Department has far more overseas representa-

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<sup>1</sup> W. Proxmire. *Report from Wasteland. America's Military-Industrial Complex*, Praeger Publ., N. Y., 1970, p. 78.



lives than there are State Department employees abroad. According to Congress, in 1969, there were 5,170 State Department employees serving abroad, while the Pentagon had 8,260 people in its foreign missions.<sup>1</sup>

The problem, however, is not only that the military enjoy "uncontrolled" influence over the internal affairs and foreign policy of the USA. The so-called "uncontrollability" of the military, which is how many bourgeois politicians and scholars describe the tremendous influence of the military-industrial complex, is but a guise for the well-devised system whereby the US rulers manoeuvre.

"Civilians like Dean Acheson, Dulles, and Dean Rusk did not speak lines written for them by the Joint Chiefs or by Secretaries of Defense. They spoke their convictions in the language most likely to persuade Congress and the public. They framed their proposals in such a way as to justify open support by military men... If American foreign policy became partially militarised, the blame should not be laid primarily on the military establishment, but on Presidents, civilian policy-makers, the Congress..."<sup>2</sup>

What Yarmolinsky had in mind was the foreign policy workshop of Washington. But his observation is also true of those who engage in USA internal political affairs.

The point, then, is that "increasingly, the civilian managers have come to see the world through military eyes."<sup>3</sup> It is precisely this pro-

<sup>1</sup> A. Yarmolinsky. *The Military Establishment. Its Impact on American Society*, N. Y., 1971, p. 33.

<sup>2</sup> *Ibid.*, pp. 36-37.

<sup>3</sup> R. Barnett. *The Economy of Death*, p. 82.

militarist trend of the Washington bureaucracy that best suits the home and foreign policy goals of the US rulers. Hence the tendency to transform the USA into a "garrison society" is by no means solely the result of the explosive development of the war machine. Like the intensive growth of the military "establishment," it is the result of calculated, purposeful and efficient moves.

Proof of that is the blatant militarist propaganda in the United States. The Pentagon and a large number of various pro-war organisations carry out their propaganda activity openly and with the full support of many governmental Departments. Militarist propaganda, based on subtle anti-communism, frenzied nationalism and the myth of the "communist menace", creates an atmosphere of fear and a favourable climate for militarist ideas and the military-industrial complex to thrive.

## Their Credo: Anti-Communism

The most powerful and elaborate apparatus for the military indoctrination of the population is centred in the Pentagon. More than 6,000 people handle the "public relations" work, as propaganda activity is called there. There are 200 employees in the Information Branch of the Public Affairs Office of the Department of Defense alone. The Defense Department has complete control over information concerning military affairs. The chief source of such information in the Pentagon is the Office of the Assistant Sec-

retary of Defense on Public Relations. The TV staffs which film "news" in South-East Asia and other parts of the world and provide materials for the main commercial TV studios in the United States come under this Office. It works closely with 500 private organisations dealing with military affairs or production, and regularly sends 273 of them information and other materials.

Each of the Departments for the three arms of the service also has its own "public relations" bodies and well staffed, ramified information bureaux. Several hundred American radio stations broadcast "Army Hour" programmes, a weekly propaganda stunt. The "Big Picture" is a special series of TV films regularly put out by 350 studios. Kansas City's Army Home Town News Center is indeed a busy place; it sends out all sorts of propaganda material, photographs, TV films and tape-recordings to 1,700 daily newspapers, 8,300 weeklies, 2,700 radio and 550 television studios.

The mobile Army Exhibit Center generously distributes its materials to provincial publications, radio and television studios. All this propaganda trash is pumped into the head of the ordinary American just to convince him that he is not wasting the thousands of dollars which he pays out in taxes that are spent on maintaining and building up the war machine.

How does the Pentagon military-propaganda system work? "What begins as an article in one of the military-industrial journals... becomes eventually ... a 'conventional wisdom.' It is repeated by top Pentagon and governmental officials, who command headlines, and by friendly

columnists and newspaper editors, until a vast majority of the nation begins to believe it."<sup>1</sup>

Such a campaign, starting with hysterical headlines in a few newspapers, often forms the groundwork for a new round of the arms race, which costs taxpayers billions of dollars and gives the military-industrial corporations fabulous profits. That is how, says former Director of the Bureau of the Budget Charles Schultze, three campaigns were conducted in 1960-1970 to eliminate the so-called "missile gap". The first was launched by the Pentagon and its allies in 1960 intimidating the nation with Soviet intercontinental ballistic missiles.

The second campaign was motivated by the "anti-missile gap". This time the Pentagon's aim in engineering the subtle campaign was to secure a sharp increase in the number of missiles that could be directed against the Soviet Union on the grounds that the Russians were allegedly developing an anti-missile defense system on a country-wide scale. It was later learned, Schultze states, that the Russians had only a small ABM system around Moscow.

The third "missile campaign" began in 1969 with similar mythical threats invented by the Pentagon and its allies in the military-industrial complex and resulted in the decision to build ABM systems throughout the United States.

The Soviet-initiated Treaty signed by the USSR and the USA on the Limitation of Anti-Ballistic Missile Systems partly foiled the plans for a third round of the dangerous missile race.

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<sup>1</sup> S. Lens. *The Military-Industrial Complex*, Philadelphia, 1970, p. 54.



But the extensive propaganda for the Safeguard system may serve as a vivid example of the massive indoctrination of the public by the Pentagon and the military-industrial quarters. The plan for those propaganda measures was prepared with extreme thoroughness, since two years earlier the project to build the Sentinel system (the prototype of Safeguard) had been coldly received, to say the least, by the public and Congress.

The Safeguard campaign was supervised by Army Secretary Stanley R. Resor and Lieut.-Gen. Alfred D. Starbird. They made detailed preparations for a series of propaganda manoeuvres, including the issue of special newspaper materials and photographs, the making of TV films, the trips of journalists and army propagandists to the sites planned for the anti-missile complexes. The "Starbird Memorandum", which outlined the programme of all these operations, stressed that the employees in the Pentagon's propaganda machinery "...will cooperate with industry on public relation efforts by industries involved in the Program."<sup>1</sup> Describing the history of that campaign, Senator J. W. Fulbright, Chairman of the Senate Committee on Foreign Relations, wrote: "Such cooperation presumably could be easily obtained, and would add to the propaganda arsenal of the Army the huge public relations facilities of billion-dollar corporations whose profits came from military contracts."<sup>2</sup>

The propaganda activity of the Pentagon, ac-

<sup>1</sup> J. W. Fulbright. *The Pentagon Propaganda Machine*, N. Y., 1970, pp. 11-16.

<sup>2</sup> *Ibid.*, pp. 5-6.

cording to *Time* magazine, costs the US national budget some \$190 million a year.<sup>1</sup> A big part of this sum goes to the propaganda of militarism carried on by firms supplying armaments, by military associations and the like. When for some reason or other the Pentagon fails to get the desired effect, Lens notes, its propaganda objective is attained by other components of the military-industrial complex, in most cases "directly or indirectly—with government funds."<sup>2</sup>

That is why the cooperation Fulbright spoke about of the monopolies and the military with regard to propaganda is not a chance occurrence. It is planned and supported by such powerful organisations as the Defense Industry Advisory Council, set up in 1962 under the Defense Department as the official channel of communication between military contractors and the Pentagon. (The word "defense" was recently struck out of the Council's name, but this has no bearing on the nature of its activity). Two-thirds of the Council's members not in government service are executives of fifty top military-industrial monopolies, including Lockheed, General Dynamics and Boeing. Some of them formerly held high posts in the Pentagon. Deputy Secretary of Defense D. Packard and Assistant Secretary of Defense (Installation and Logistics) Barry J. Shillito were members of the Council before coming to the Pentagon.

Various associations and industrialists' unions also champion the interests of the military-in-

<sup>1</sup> *Time*, April 5, 1971, p. 36.

<sup>2</sup> S. Lens. *The Military-Industrial Complex*, Philadelphia, 1970, p. 53.



dustrial complex. One of them is the National Security Industrial Association founded by Forrestal in 1944. One of its primary aims is to support the Defense Department and to maintain that procedure of military contracting which is most profitable for its members, the arms manufacturers. Another main aim is to convince the public of the necessity and effectiveness of the work done by the war industry.

The military-industrial quarters and the military rulers of the USA make use of their widespread, long-standing connections with reactionary organisations infesting the country as a highly effective means of influencing the public. For instance, the National Association of Manufacturers finances the American Legion, considered a Black Hundred organisation in the USA. One of the Legion's main goals is to crush "anti-American" activity and propaganda.

The John Birch Society, another pro-fascist organisation, was founded by three former presidents of the National Association of Manufacturers (NAM), directors of major industrial firms and banks; the top man, Robert Welch, was also a NAM director for many years and headed the NAM propaganda department for two years. The Society's credo is anti-communism and the suppression of all democratic movements and views. There are dozens of other ultra-Right organisations in the country disseminating anti-communist and militarist ideas.

What is common to all the extremist organisations is their consolidated ties with the military. Gen. Douglas MacArthur was one of the leading ideologists and idols of the extremist groups of officers in the 1940s and 1950s. As his running

mate the presidential candidate of the ultra-Right forces, G. Wallace, chose General Curtis LeMay, notorious for his arch-reactionary views and utterances. The "gold laces" occupy top positions in the leadership of the ultra-Right organisations. Generals and colonels boss the show in the John Birch Society. One of the most notorious leaders and spokesmen of the ultras in America, Senator Barry Goldwater, is Major General in the reserve.

The striking force of the US military are the American Security Council and the Institute for American Strategy. The latter's chief aim, according to its founders and leaders, is to help "free society fight the communist challenge". Using the stale watchword of "the communist threat", intimidating ordinary Americans and poisoning their minds, the Institute for American Strategy wants to keep stepping up the arms race in the USA and increasing military expenditure. Top men in the Institute include ex-Chairman of the Joint Chiefs of Staff Admiral Radford and his colleague, Admiral Ward, who advocates "preventive" war against the socialist countries.

The American Security Council is what American Professor Alan Westin calls "an organisation through which the private sector of society might utilise its talents and resources in helping meet the Communist challenge to peace and freedom" and to develop "new and original approaches in countering Communism's war to conquer the world."<sup>1</sup> The Council makes no

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<sup>1</sup> Quoted from R. Barnet, *The Economy of Death*, N. Y., 1969, p. 103.



bones about its blatant ties with the arms-producing corporations, which account for 20 per cent of all the donations to its fund. Their common ideological basis and close financial relations with the war magnates are of mutual benefit to the partners in this ideological alliance. The directing body of this Council, too, includes many top military men.

Anti-communism, undisguised propaganda for armed intervention in the socialist countries, the threat to employ nuclear weapons—this is just one aspect of the ultra-Right-wingers' activity in the United States. They are for outright violence even at home. The target of their aggressive aspirations is any democratic movement inside the country, any progressive grouping of American citizens. For instance, during his presidential campaign G. Wallace declared that he would stop all Negro disturbances by means of soldiers armed with "two-foot bayonets" and threatened to deal summarily with students and participants in the anti-war movement, with all strikers demanding better pay and working conditions.

The Pentagon's propaganda campaigns and the anti-communist hysteria stirred up by the John Birch Society are two sides of one and the same coin. Dissemination of propaganda for coercion in international affairs goes hand in hand with the violent suppression of democratic movements inside the country. Anti-communism and propaganda for universal coercion have reached the level of state ideology.

The pernicious, demoralising influence of the USA's total militarisation is obvious: a certain

segment of American society has become the victim of that influence.

In late 1970, after many months of delay a trial commenced in Fort Benning that stirred the world. Lieut. William Calley of the US Army was accused of the beastly murder of 102 residents of the South Vietnamese village of My Lai in the Song My community. That this barbarous and senseless slaughter was committed, and the circumstances in which it was committed, were conclusively proved and confirmed by the evidence of numerous witnesses.

The American court, aware that the public would be shocked by the acquittal of the murderer and seeking to shield the US military command in Indo-China, ultimately sentenced Calley to imprisonment. But pending sanction of the sentence Calley was released. Meanwhile a higher court tried to reduce the term of imprisonment imposed earlier.

Newspaper reporters visited the places where William Calley was born and lived, talked with people he knew and lived with. They were surprised to find that these people supported and approved of what the lieutenant and his party had done—not just sympathised, but really supported. "Along with promoting militarism as part of our society the mindless violence of war has eaten away at our moral values as well as our sensitivity..."<sup>1</sup> writes Senator Fulbright.

Calley is supported by racist and Right-wing elements all over the United States. This fact, which shows the pernicious effects of mili-

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<sup>1</sup> J. W. Fulbright. *The Pentagon Propaganda Machine*, N. Y., 1970, p. 144.

tarist and nationalist propaganda, is perhaps even more astonishing and dreadful than what Calley did.

The Pentagon also maintains a ramified military-propaganda network abroad, especially in countries where there are US troops and bases. The principal goal of the Defense Department's "information" is to sow distrust and hatred for communist ideas in these countries, to intimidate them with the non-existent "communist threat" and convince them of the need to station US troops in alien territories and to get them to boost their own military spending. The overseas propaganda conducted by the Pentagon, the USIA (United States Information Agency) and other allied organisations is meant to be an important means of promoting the aggressive foreign policy of US imperialism.

However, the powerful propaganda machine of the United States more and more often misfires and fails to work. The anti-communist slogans used by American propaganda are powerless to counter the peaceable foreign policy of the socialist states, their desire to improve the world political climate, their policy of giving fraternal and disinterested help to the developing nations. The mounting national liberation movement is attacking the decayed dictatorial regimes which serve as strong points for Washington's aggressive foreign policy strategy.

That is why American imperialism and the military-industrial complex are resorting to such a means of exerting pressure as foreign military "aid". The latter essentially entails political and military expansion and interference in the internal affairs and policy of many states.

## Military "Aid": Economy and Policy

Much attention is paid to military "aid" in Washington's foreign policy and military-strategic doctrine. In accordance with its military "aid" programmes, the United States annually gives other countries colossal amounts of armaments of different kinds either on preferential credit terms or as "gifts". Huge sums are allocated in the Federal budget every year for this purpose. From 1949 to 1962 alone, government sales of arms to other countries (not counting sales by private firms) totalled \$16,100 million. Over the same period the USA "donated" arms worth \$30,200 million to other countries. By the 1968 fiscal year, annual sales had risen to \$1,500 million. Between 1962 and 1968, the US arms sales to foreign countries topped \$11,000 million. This arms-delivery programme brought the American war magnates about \$1,000 million in profits.<sup>1</sup> For many years, the *US News & World Report* wrote, the war industry "boomed" largely because of the USA's foreign military commitments.

Apart from the free granting or the sale of arms and military equipment on preferential terms, military "aid" includes military construction in the recipient countries, the sending of American instructors to train their armed for-

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<sup>1</sup> *Harvard Business Review*, May-June 1968, p. 59.



ces, the financing of military purchases from the USA, etc.

The US government policy in the field of arms sale and military "aid" is devised with the direct participation of the representatives of General Dynamics, Boeing, Lockheed, General Electric, McDonnell Douglas, United Aircraft, Chrysler and other top military-industrial firms, as well as those of the country's major banks—the First National City Bank of New York, the Chase Manhattan Bank and the Morgan Guaranty Trust Company.

The military "aid" programme does not cover all the items of military expenditure envisaged by the Federal budget. In the 1967 fiscal year, military "aid" to South Vietnam was made a separate item and included in the overall Pentagon budget as was subsequently also done with military "aid" to Thailand. "Aid" to South Vietnam then became a separate item in the Federal budget.

In the budget for the 1973 fiscal year expenditures on military "aid" likewise come under two different items. One is part of the overall budget of the Defense Department and amounts to \$2,200 million (compared with \$593 million in the 1970 fiscal year). But there is a parallel item in the "International Affairs and Finance" budgetary section. This section includes, among other financial levers for "resolving" international problems, allocations for the sale of arms on credit and for foreign military "aid" not subject to repayment. Arms deliveries to Israel and financial backing for the puppet government of South Vietnam are part of this. The allocations in this section are to total more than \$1,500 mil-

lion in the 1973 fiscal year.<sup>1</sup> Overall military "aid" for the 1972 fiscal year amounted to \$4,400 million.<sup>2</sup> What matters is not so much the staggering amount of these sums as what they are to be used for. The deliveries of American weapons are intended to consolidate the US concocted military blocs spearheaded against the socialist countries and to secure for US imperialism the leading role in these blocs. By undertaking to supply arms to foreign states, the USA is seeking permission to build military bases and station its troops on their territories; the granting of military "aid" usually entails a number of political and economic conditions, including the demand to increase the military spending and armed forces of the recipient countries, and to support the general foreign policy course of US imperialism. The armies of a number of foreign states are equipped with American weapons. This means that they will need deliveries of ammunition and spare parts from the United States for a long period, thus ensuring a long-term pro-American orientation of the economy and policy of the countries concerned. It should be noted that in such cases the absolute amounts of US military "aid" may be considerably smaller than the initial large deliveries of basic military equipment and armaments. But this by no means narrows the political significance of the "aid".

Many of the countries allied with the United States in aggressive military blocs have their arm-

<sup>1</sup> *The Budget of the United States Government. Fiscal Year 1973*, pp. 79, 83, 91.

<sup>2</sup> Ch. Schultze e. a. *Setting National Priorities. The 1972 Budget*, Washington, 1971, p. 121.



ed forces personnel trained by American instructors. A part of the officer cadres of these countries undergoes training in the United States, which means that a group of pro-American, anti-communist indoctrinated officers is formed in many states.

Equally noteworthy is the geographical distribution of US military "aid". The bulk of it, as the American press points out, goes to the countries bordering on the USSR and other socialist states.

Hence Uncle Sam's military "aid" serves as a powerful instrument for imposing his political dictate and will on dozens of states. And the economic benefits which US imperialism gains by pursuing such a course are indisputable. "Aid" given with the proviso that the recipient countries enlarge their armed forces is very profitable to the United States. It would be far more costly to maintain American troops in these countries to promote Washington's political objectives, American sources say. The profits made on arms deliveries to other countries are promptly transferred to the bank accounts of the monopolies. The military-industrial complex, S. Lens enunciates, has a direct interest in the military "aid" programmes and, in order to expand its influence abroad, resorts to two devices: "1. A system of aid and loans aimed at stabilising the economies of our allies, but also at keeping them moored to the 'American way'; 2. A system of military alliance, military training and support as well as use of the CIA... , to assure that the governments we consider friendly remain in power."<sup>1</sup>

<sup>1</sup> S. Lens. *The Military-Industrial Complex*, p. 27.

Throughout the post-war period the ruling circles of the United States have attached exceptional importance to the framing of their policy with regard to military and economic "aid" to foreign states. The great reliance that the US Government places on foreign "aid" in attaining its foreign policy objectives is evident, to some extent, from President Nixon's so-called "Guam Doctrine". Spelling out this doctrine, President Nixon declared his intention to "re-consider" US relations with Asian states, especially the USA's allies in military blocs. As a matter of fact the only thing new in the "Guam Doctrine" was the phrasing. The goals of US policy in Asia, as the American press noted, remained unchanged. But while America's approach to its relations with its allies and to its policy on military "aid" remained essentially the same, the means of implementing that policy changed somewhat. The allies need to assume more responsibility for the problems of military defense, the US President said. In simple language this means that henceforth the USA's partners in military blocs must pour more money on defense and increase the numerical strength of their armed forces, while US policy on military and economic "aid" will be more prudent and impose even greater political and economic demands in return for this "aid".

The fact that the American policy-makers adopted the "new" doctrine showed they were out to make US investments in the armies and policies of the satellite countries more effective. There was, however, another reason why the Washington politicians switched over to the new concept of relations with their Asian partners—



one that they did not voice openly. It was the USA's chronic balance of payments deficit caused mainly by annual deficits in the balance of payments for military purposes. The balance of payments deficit was one of the root causes of the dollar crisis and the consequent devaluation of the dollar in late 1971. In order to trace the events which led to the 1971 economic crisis in the USA, particularly the balance of payments crisis, *The Nation* writes, "One must go back about twenty years. . . , because it was then that the government decided that it wanted to play a role on the world stage that would call for vast military and economic aid expenditures abroad."<sup>1</sup>

The deficit in the USA's balance of payments for military expenditures abroad reached \$3,300 million in 1968.<sup>2</sup> Between 1966 and 1970 the overall balance of payments deficit averaged \$2,700 million a year,<sup>3</sup> the main cause being the enormous military expenditure abroad, including loans and subsidies for arms purchases, military "aid" to puppet regimes and the like.

The onerous burden of the USA's overseas military presence and military commitments for pursuing the expansionist foreign policy and military-political strategy of US imperialism proved to be too much for even the richest country in the capitalist world.

US military-economic "aid" involves dozens of countries, covering both Americas, almost the

whole of Europe, a considerable part of Asia and Africa, Australia and New Zealand. But in recent years its chief target was South-East Asia, which has become the theatre of US intervention on an unprecedented scale. The amount of arms and ammunition and the contingents of troops sent by the USA to South Vietnam as "aid" to the South Vietnamese puppet government and to perpetrate blatant aggression against the Vietnamese people far exceeded whatever the USA sent to scores of other countries.

Yet it is precisely the events in South-East Asia, triggered off by the escalation of the US war in Vietnam, that has indubitably proved that today no interference from outside, regardless of the scale, can impose on the freedom-loving nations a policy alien to them.

## The Aggression in Vietnam

US policy in Indo-China has in the last decade suffered a series of telling failures. The steady escalation of military operations in Vietnam year after year shows the increased aggressiveness of US imperialism. But the intervention did not lead to the desired consolidation of the South Vietnamese puppet regime and once again showed that the American rulers were unable to force the freedom-loving people of Vietnam to yield to foreign wirepullers. Nor did the notorious policy of "Vietnamisation" help the Washington strategists.

Officially, the escalation of the war in Indo-

<sup>1</sup> *The Nation*, November 29, 1971, p. 555.

<sup>2</sup> A. Yarmolinsky. *The Military Establishment. Its Impact on American Society*, N. Y., 1971, p. 256.

<sup>3</sup> *The Nation*, November 29, 1971, p. 555.

China is said to have begun in 1965. Actually, the participation of American troops in the war against the Vietnamese people began much earlier. Back in 1962, there were 10,000 American servicemen in South Vietnam, and by 1964, the number had gone up to 23,000. In the initial period—before 1965—the American servicemen were supposed only to guide the operations of the South Vietnamese mercenaries, whose number rapidly increased. US military and economic “aid” to the Saigon government kept increasing. But all these measures failed to counter the thrust of the patriotic, national liberation forces of South Vietnam. The American Government then resorted to a criminal venture which constitutes one of the most disgraceful pages in American history. In early 1965, American planes began massive bombardment of the territory of the Democratic Republic of Vietnam, in retaliation for an “attack” allegedly made by DRV torpedo boats on American destroyers anchored in the Gulf of Tonkin—the territorial waters of the DRV.

The “Tonkin crisis” was in fact a provocation carefully planned long before. In his election speeches President Johnson blithely promised “not to send our boys to Vietnam” and criticised the extremism of Barry Goldwater. As secret Pentagon documents published by the *New York Times* in mid-1971 clearly show the government decision to escalate the aggression in Vietnam already lay in the President’s Cabinet in the White House in the spring of 1964. On November 3, 1964, the day Johnson became President, the government got down to work on the last stage of the detailed preparation for

massive air raids on the Democratic Republic of Vietnam.

The bombardments were only the beginning of the USA’s blatant aggression in Vietnam. In April 1965, American ground troops launched an offensive on the South Vietnamese front, which was accompanied by the steady growth in the number of American troops in Indo-China. By mid-1967, American servicemen in South Vietnam numbered 470,000. Even at that time some members of the US Government realised that the US aggressive venture was reaching an impasse. Defense Secretary McNamara, who was a co-author of the original escalation plan and still upheld the chief goals of US policy in Indo-China, soberly analysed the situation and stated he was against any further stepping up of the war effort in Vietnam. But the military-industrial complex unanimously opposed the “outsider” in its ranks. McNamara had to give up the post of Defense Secretary.<sup>1</sup> The aggression continued to escalate, leading to the dismal failure of US policy in Indo-China. What is more, the war in Indo-China greatly multiplied the USA’s economic difficulties.

At the initial stage of the aggression it was felt that the whole war would not cost more than \$25,000 million and that it would last two years. And there was no talk of socio-economic problems occurring. On the contrary, many economists and statesmen in the USA regarded the war as a means for artificially accelerating business activity.

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<sup>1</sup> See H. Trewitt, *McNamara. His Ordeal in the Pentagon*, N. Y., 1971, pp. 244-248.



What happened in reality refuted all, even the most cautious, prognoses made by government economists at the time. The war in Vietnam raged for about eight years since the escalation began, and altogether US aggression in Indo-China has gone on for more than twelve years. The Vietnam war has proved to be the longest in the history of the USA and the cost has long exceeded \$150,000 million. The annual expenditure of the Federal budget on the war in Vietnam came to about \$30,000 million in 1969, i.e., more than the amount originally calculated for the entire war. This sum does not include the money paid out as interest on the national debt, which considerably increased during the war; nor does it include the pensions paid to veterans of the Vietnam war, which may have to be paid for decades. As of 1970 alone, expenditures on Vietnam, counting these last two categories, were officially estimated at \$352,000 million.<sup>1</sup>

But the sorry economic consequences are not confined to current and future expenses running into thousands of millions of dollars. The war in Vietnam did, as a matter of fact, promote an economic boom and curb unemployment for some time. But very soon this short-lived "prosperity" came to an end. The escalation of the "local war" led to the development of those processes in the economic and financial domains of the USA which in the final analysis had a basically adverse effect on all aspects of life in American society. The aggression in Indo-China was the principal cause of the gigantic growth of

US military spending in the course of 1965-1969. Taxes went up. But even the increased taxation failed to provide for the growing military expenditure. That is why budgetary deficits became catastrophic. In 1968, the Federal budget's deficit exceeded \$ 25,000 million, and in 1972, the figure rose to \$39,000 million.<sup>1</sup>

The budgetary deficits caused the national debt to rise. This brought more paper money into circulation, which, in turn, accelerated the pace of price increase. There appeared the spectre of ungovernable inflation. Unemployment again soared—this time to the highest level in 15 years. In 1971, there were five million unemployed Americans.

By mid-1971, the US economy was caught up in the worst crisis of the entire post-war period. In August 1971, President Nixon had to announce the introduction of a series of "emergency economic measures", and to freeze prices and wages. In November, control over prices and wages was extended indefinitely. The control measures, as Senator E.S. Muskie said, were essentially levelled against the average American. The Nixon Administration hindered the growth of workers' wages while cutting corporations taxes. It went so far as to make it clear that it was against any measures limiting corporation profits, the lion's share of which went to the military-industrial firms. Hence the ruling circles of the USA are trying to rectify the country's serious economic difficulties, caused to a great extent by the aggression in Indo-China, by

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<sup>1</sup> *Economic Report of the President*, January 1972, Wash., p. 271.

<sup>1</sup> *Statistical Abstract of the United States*, 1971, p. 243.

means of a fresh offensive on the vital rights of working Americans.

In vain the American military-economic strategists staked on the war in Vietnam as a means of livening up business activity. The war, which the average American first took to be something remote that did not concern him, now affected his interests in a direct manner, and not just economically. From 1961 to 1972, 50,000 American officers and men were killed in Vietnam, and another 300,000 were wounded or reported missing.<sup>1</sup> Tens of thousands of American families lost sons or brothers who had been sent to perish thousands of miles from home for reasons that were incomprehensible to them. In the US Armed Forces, too, confusion increased. The number of deserters during the Vietnam aggression reached a record level—over 6 per cent<sup>2</sup> (more than three times as many as during the Korean war)<sup>3</sup>. The anti-war movement in the United States mounted. Young Americans did not want to go to war to suit the ruling circles' interests, which were alien to them. The fiasco of US policy in Indo-China compelled President Johnson to give up jockeying for re-election in 1968. It is indicative that in the 1972 election campaign Democratic presidential candidates made cessation of the war in Indo-China one of their key slogans.

However, the complete termination of the US aggression in South-East Asia was still far off.

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<sup>1</sup> *Statistical Abstract of the United States*, 1971, p. 245.

<sup>2</sup> *National Journal*, August 21, 1971, p. 1776.

<sup>3</sup> *The American Military*, Ed. by Oppenheimer, USA, 1971, p. 124.

Apart from the desire of the American rulers to impede Asia's national liberation movement and to impose US policy and the American way of life on the Asian countries, one of the chief stimuli of the war in Vietnam was the same old drive of the military-industrial firms for profit. For such firms the war had the priceless characteristic of consuming more and more armaments, ammunition, uniforms, foodstuffs, etc. There was an endless flow of war planes, helicopters, hundreds of thousands of tons of bombs and millions of cartridges to Vietnam. For the war industry, this meant new contracts for often urgent or vitally urgent deliveries which naturally resulted in fabulous profits. Firms producing planes and helicopters, equipment, instruments, ammunition, chemicals, electricity, and also companies building military installations in Vietnam considerably stepped up their output.

During the entire Second World War, 1,500,000 tons of bombs were dropped on Europe whereas in 1969-70 alone, American planes dropped more than 4,500,000 tons of high-explosive, fragmentation and pellet bombs on Indo-China.<sup>1</sup> By early 1971, the US war machine was using more than 15 million mines and about 200,000 tons of bombs and shells a month on the territory of South Vietnam alone.

The war in Vietnam had led to the massive use of chemical weapons.

The American chemical companies profiting from the development and production of these

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<sup>1</sup> A. G. Mazaev, I. M. Shchedrov. *The US Aggression in Indo-China*, Moscow, 1971, p. 24



types of weapons had every reason to be satisfied.

The pressure of the military-industrial monopolies profiting from the dirty war was one of the main reasons why the USA continued its criminal aggression. The US Government not only delayed the final withdrawal of its troops from Vietnam; it even extended its aggression to other countries of South-East Asia. In 1970, American troops penetrated Cambodia. Laos was the next theatre of war.

The bankruptcy of its policy in South-East Asia forced the American Government to adapt itself to the new conditions. The notorious "Guam Doctrine" and the "Vietnamisation" policy concept were devised. The purpose is to have Asians fight Asians in Asia for American goals.

But these new policies, too, brought the US Government neither military nor political victories. "Vietnamisation" suffered the same failure that the escalation of the US war against Vietnam had suffered previously.

"The aggressive war started by US ruling circles in that part of the world has not brought the American people any victorious laurels but tens of thousands of funeral wreaths..." L. I. Brezhnev told the 24th CPSU Congress, touching upon events in South-East Asia.<sup>1</sup>

The just struggle of the heroic Vietnamese people has come to a victorious end. On January 27, 1973, agreements on ending the war and restoring peace in Vietnam were signed in Paris providing for the withdrawal of all US troops from Vietnam and the relinquishing by

the United States of interference in the internal affairs of Vietnam. Attempts of US strategists to crush the Democratic Republic of Vietnam, the outpost of socialism in Asia, to undermine the national liberation movement of the peoples of Indo-China and to wreck the unity of anti-imperialist, peace-loving forces have proved a failure.

The selfless and resolute struggle of the Vietnamese people, the all-round assistance rendered by the countries of the socialist community, and the unprecedented in scope international solidarity movement headed by the Communist and Workers' Parties made it impossible for the aggression to succeed.

The elimination of a dangerous seat of war is added, vivid proof that reason and realism, the desire to solve outstanding issues by peaceful means, through negotiations are steadily gaining ground in international relations.

The ending of the war and the restoration of peace in Vietnam will go down in history as an important landmark in the struggle of peoples for freedom, national sovereignty, universal peace and social progress, as a glorious victory of the militant solidarity of progressive, peace-loving forces on our planet.

## Conclusion

In the United States it has become a tradition for every newly elected or re-elected President, on being sworn in, to promise his people "prosperity". None of the American Presidents have fulfilled that promise yet.

<sup>1</sup> 24th Congress of the CPSU, p. 30.

Of course, the pre-election programmes obviously are intended for propaganda and publicity. It is equally true that even the richest and most advanced country in today's capitalist world, as the USA is reputed to be, is unable to ensure fully stable and crisis-free development of its economy, and to eliminate the causes of its constant economic ills.

There is no avoiding one factor which, being inherent in present-day imperialism, stands in the way of the Presidents keeping their solemn vows. That factor is the growing military expenditure, the stepped up arms race and the pressure of the foreign military commitments unilaterally undertaken by the United States. These have confronted the USA, especially in recent years, with a series of problems in domestic socio-economic affairs and in foreign policy.

Consider the following fact: if the money to be spent for military purposes in 1973 were channelled into the civilian sector of the economy, or if the American citizens did not have to pay it out in the form of taxes, every four-person family would receive an additional \$1,600 in the course of that year. This is not a paltry sum for a country where, according to official figures, there are more than 20 million destitute people.

But the enormous military outlays, both direct and indirect, do not wholly account for the damage done to American society by the militarisation of the economy and the country's domestic life as a whole. They do not include the economic losses entailed in diverting from production activity hundreds of thousands of able-bodied young men to serve in the armed

forces, the reduction of internal consumption, the withdrawal from normal economic circulation of tremendous manpower, financial and material resources. The noted American economist Kenneth E. Boulding writes: "...The US Department of Defense does a great deal of economic damage to the United States: it reduces domestic consumption by about fifteen per cent, and, by diverting the growth resource into the rat hole of competitive weapons systems, ... it diminishes the annual rate of economic growth, probably by as much as two per cent."<sup>1</sup>

The sharp crisis situations typical for the militarised economy of America in recent years coincided with the beginning of the withdrawal of American troops from Indo-China and with the reduction of the US Armed Forces. The propaganda machine of the Defense Department and the major suppliers of arms artfully plays up these events, declaring that employment and, consequently, the prosperity of millions of American workers and their families depend almost entirely on huge military outlays. Even the American press exposes these demagogic assertions, saying that they pursue one chief aim: to block any possible reduction in military spending.

But not everybody in the United States approves of the policy followed by the Pentagon and the military-industrial monopolies. There are scholars, economists, trade union leaders and public figures who take a more realistic approach calling for limitation of the arms race. One of them is Prof. John K. Galbraith, a notable economist and formerly a leading man in President Kennedy's "brain trust". The author

<sup>1</sup> *American Militarism, 1970*, p. 91.



of many well-known works, some levelled against the domination of the American military and the military-industrial complex, Galbraith arrives at the conclusion that military expenditure is merely a by-product of the "cold war" and that economically it plays a negative role. The coincidence of the period of economic growth in the USA with the increase of military allocations, he affirms, is pure chance. In his opinion, corresponding government expenditures for civilian purposes would have had exactly the same effect "... and would be welcomed as an alternative by every decent citizen."<sup>1</sup>

The call to guard American society, US home and foreign policy from the malignant influence of the military and the military-industrial monopolies today comes not only from such famous American scientists as the physicist Ralph E. Lapp or Jerome Wiesner, not only from those politicians who, like Senators Fulbright and W. Proxmire, realise that the "position-of-strength" policy has long lost its place in present-day international relations, and that the arms race conducted by the American Government jeopardises the American people as well as the world nations. Such high-ranking US military men as General Shoup and Admiral Rickover take the same stand.

Although the appeals made by such prominent people are usually of a very general nature, they undoubtedly mark a great shift in America's social awareness. Just a few years ago such pronouncements were inconceivable. Highly indica-

<sup>1</sup> John K. Galbraith. "Who Needs the Democrats? ... And What It Takes to be Needed," *Harper's Magazine*, July 1970, p. 47.

tive is the fact that an increasing number of people in business and industry took part in the anti-war movement—a fact that is novel for the United States. Behind this seemingly strange phenomenon lies the same profit motive, the predominant motive of the capitalist mode of production. A great many firms producing consumer goods envy the major military-industrial corporations, their subsidies and benefits. The business of these firms also suffers from the inflationary growth of raw material prices and the diminishing competitiveness of American goods on the world market, both directly due to the militarised economy of the USA. That is why these firms believe it would be extremely profitable for them to have allocations channelled from the military to the civilian sector of the economy.

The movement against the war in South-East Asia and against the domination of the military-industrial complex snowballed in the USA. The bedrock and core of this movement was the youth, especially the students. A broad cross-section of the public came out against war, as seen from the anti-war demonstrations that swept the whole of the United States in the spring of 1971. Many veterans of the Vietnam war and working men joined the anti-war movement.

The broad front of the anti-war struggle in the USA once again shows that the militarisation of the economy and the arms race and the aggressive foreign policy of the American Government to suit the country's ruling elite and the military-industrial complex, are highly detrimental to American society as a whole. This

fact is widely recognised in the United States.

Equally important is a sober assessment of the political consequences of the arms race. As Prof. G. Arbatov, Director of the Institute of US Studies of the USSR Academy of Sciences, emphasised in the speech he made at the Dr. Milton Eisenhower international symposium held in the American town of Baltimore, the main paradox is that the United States has failed to ensure national security despite endlessly growing military expenditure. On the contrary, its national security is diminishing with the growth of its military spending and the intensification of the arms race.<sup>1</sup>

Some American scholars have also noted this in their writings, such as Herbert York in his book *Race to Oblivion*.<sup>2</sup>

What is most important is that the very idea of the "Soviet menace", on which the entire arms race policy of the USA is built, is a fabrication of bourgeois propaganda fully exploited and played up by the military-industrial complex.

Soviet people are truly convinced that the future belongs to communism. But the Soviet people and the Communist Party of the Soviet Union have always been consistent in opposing the "export of revolution" and armed intervention of all kinds in other states.

The real threat to the capitalist world, as Prof. G. Arbatov said in his speech in Baltimore, stems from the shortcomings of the capital-

ist socio-economic system and its inability to tackle the problems presented by history. That is why Communists believe that sooner or later the peoples of all countries will replace that system by socialism. But their confidence is by no means tantamount to the notorious "Soviet menace", which has become a pretext for the champions of the "cold war" and the unparalleled arms race of today.<sup>1</sup>

In its relations with the capitalist countries the Soviet Union has always stood for normalisation of relations and the peaceful settlement of controversies. This was emphasised once again by General Secretary of the CC CPSU L. I. Brezhnev in his report to the 24th Congress of the Communist Party of the Soviet Union held in the spring of 1971. He said: "We proceed from the assumption that it is possible to improve relations between the USSR and the USA. Our principled line with respect to the capitalist countries, including the USA, is consistently and fully to practise the principles of peaceful co-existence, to develop mutually advantageous ties, and to cooperate with states prepared to do so, in strengthening peace, making our relations with them as stable as possible."<sup>2</sup>

The vital problem of today is to eliminate the threat of a world thermonuclear war, to restrict and terminate the arms race instigated and championed mainly by US imperialism and its striking force—the military-industrial complex. In this regard the Soviet and American peoples and the population of the whole world have

<sup>1</sup> *The USA: Economy, Policy, Ideology*, No. 2, 1972, p. 28.

<sup>2</sup> H. York, *Race to Oblivion. A Participant's View of the Arms Race*, N. Y., 1971.

<sup>1</sup> *The USA: Economy, Policy, Ideology*, No. 2, 1972, p. 29.

<sup>2</sup> 24th Congress of the CPSU, p. 35.



common interests irrespective of what nationality or race they belong to, of their differing socio-economic systems.

The USSR has on numerous occasions made concrete proposals for improving the international situation and achieving general and complete disarmament.

Another worthy example of the Soviet Union's peace initiative is the peace programme outlined in the Report of the Central Committee of the Communist Party of the Soviet Union to the 24th CPSU Congress. It covers all the key problems of international security and maps out concrete ways of solving them. The Soviet Union, the programme says, is willing to negotiate on the reduction of military spending, above all with the major states. The Soviet Union is endeavouring to derive positive results from the Soviet-US talks on limiting strategic armaments, the favourable outcome of which "would make it possible to avoid another round in the missile arms race, and to release considerable resources for constructive purposes."<sup>1</sup>

"Repudiation of the threat or use of force in settling outstanding issues must become a law of international life,"<sup>2</sup> says the CPSU Central Committee Report. The Soviet Union proposed to all states to conclude treaties banning nuclear, chemical and bacteriological weapons; to seek to end the testing of nuclear weapons; to achieve the nuclear disarmament of all states in possession of nuclear weapons and to convene a world conference to make a thorough study of the questions of disarmament.

<sup>1</sup> *24th Congress of the CPSU*, p. 34.

<sup>2</sup> *Ibid.*, p. 37.

The Soviet Union's peace initiative was further developed in its proposals submitted to the 26th UN General Assembly, based on the desire to achieve, within the shortest possible time, complete disarmament, including nuclear and strategic disarmament, to ease international tension, to establish European security and world peace.

The constructive and business-like approach of the Soviet Union to the problems of disarmament and peace was re-emphasised by CC CPSU General Secretary L. I. Brezhnev at the 15th Congress of Soviet trade unions held on March 20, 1972. The disarmament efforts, he said, constitute one of the principal elements of the course followed by the Soviet Union in the international arena. The disarmament proposals put forward by the 24th CPSU Congress have already demonstrated their validity.<sup>1</sup> In the period following the 24th CPSU Congress, more and more voices have been heard all over the world championing the Soviet initiative to convoke a world conference for disarmament. The socialist countries sponsored a UN convention, signed by many states including the USSR and the USA, which bans the use of bacteriological weapons and specifies that all stockpiles be destroyed. An important quadrilateral agreement has been reached on the West Berlin question; the talks on limiting strategic armaments have resulted in the signing of an agreement on measures to reduce the dangers of a nuclear war breaking out between the USSR and the USA.

The talks held in Moscow in May 1972 be-

<sup>1</sup> *Decisions of the 24th CPSU Congress—A Programme of Action for the Soviet Trade Unions*, M., 1972, p. 42.



tween the Soviet leaders and US President Nixon, and the consequent documents convincingly show that despite the differing social systems and ideologies of the two countries, despite their different, and at times opposite, approaches to some problems of world politics, it is possible to improve relations between the USSR and the USA in the interests of both states and for the sake of strengthening world peace and security. Hence the foreign policy course of the Communist Party of the Soviet Union, the activity of its Central Committee and Political Bureau for strengthening world peace and security, for creating more favourable conditions for communist construction, has had very positive results, conclusively demonstrating the great vitality and correctness of Lenin's foreign policy principles.

As a result of the Soviet-American talks, a step of paramount importance was made towards solving the problem of disarmament. CC CPSU General Secretary L. I. Brezhnev and US President Nixon signed the Treaty on the Limitation of Anti-Ballistic Missile Systems and the Interim Agreement on Certain Measures with Respect to the Limitation of Strategic Offensive Arms.

These agreements should help to contain the strategic arms race and to eliminate the threat of a nuclear-missile conflict.

The whole world is becoming aware that disarmament is feasible, and that with the goodwill of states it is possible to conclude new mutually acceptable agreements promoting peace on earth.

In his speech at the 15th Congress of Soviet trade unions, L. I. Brezhnev said: "Improvement

of relations between the USSR and the USA is possible. Moreover, it is desirable, but, naturally, not at the expense of third countries or peoples, not at the expense of their legitimate rights and interests."<sup>1</sup> The results of the Soviet-American talks have proved it is possible to improve the relations. The talks and the signing of the ensuing documents will be of great importance in bringing about a change for the better in the political climate.

But the results of the Moscow summit meeting is not to the liking of everybody in the United States. Those who would like to maintain the obsolete "position-of-strength" stand towards the USSR and other socialist countries and to oppose détente are still very influential. Their spokesmen, prompted by the Pentagon and the military-industrial complex, vehemently denounced the Moscow Agreements in an attempt to hamper their ratification and implementation. The Defense Department and the arms manufacturers in the USA insist on urgently accelerating the work on the Trident long-range submarine missile system and on the new strategic bomber, the B-1. The Pentagon plans to channel the means, that would be released as a result of the coming into force of the Agreement on the Limitation of Strategic Offensive Arms, into the development of new strategic weapons and, as Defense Secretary Laird declared, into "other urgent defense needs".

However, most far-sighted Americans realize the dangers arising from the possible unilateral infringement by the USA of the spirit of the

<sup>1</sup> *Decisions of the 24th CPSU Congress—A Programme of Action for the Soviet Trade Unions*, p. 44.



Moscow. Agreement under the influence of "hawks" from the military-industrial complex. Those in the USA who hope for a favourable development of relations and mutual understanding between the Soviet and the American peoples fully support the results of the Soviet-American talks.

The Moscow talks and the resultant agreements mark new important steps towards the practical implementation of the Peace Programme adopted by the 24th CPSU Congress—a programme that is being steadfastly and consistently carried out by the Communist Party of the Soviet Union, its Central Committee and Political Bureau.

"The Soviet Union has been working for disarmament since the first years of its existence," said L. I. Brezhnev in his report "The Fiftieth Anniversary of the Union of Soviet Socialist Republics" on December 21, 1972. "In the past ten years, a series of important treaties has been concluded with the most active participation of our country on such matters as the banning of nuclear weapons tests, nuclear non-proliferation, the banning of bacteriological weapons and so on. It stands to reason that all these are merely the opening pages of the chronicle of disarmament. We call on all governments, on all the peoples of the world, to fill the succeeding pages of this chronicle jointly, including the last one—general and complete disarmament."

The implementation of the Soviet Peace Programme accords with the basic interests and aspirations of all peoples of the world and ensures a bright and confident future for all of mankind.